

# *The* NATIONAL UNDERWRITER

*Life Insurance Edition*

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FRIDAY, DECEMBER 23, 1938

MAY THIS CHRISTMAS BRING YOU  
JOY AND HAPPINESS



**THE OHIO NATIONAL LIFE INSURANCE COMPANY**  
**CINCINNATI, OHIO**

T. W. APPLEBY, President

# The NATIONAL UNDERWRITER

Forty-second Year—No. 51

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, FRIDAY, DECEMBER 23, 1938

\$3.00 Per Year, 15 Cents a Copy

## Bank Insurance to Keep on Fair Basis in Competition

### Deputy Superintendent Taylor Seeks to Avoid Massachusetts Mistakes

ALBANY, N. Y.—With the appointment of Dr. J. J. Powers of Albany as its medical director, the New York savings bank life insurance central office has completed its official personnel and will be ready to handle the business that comes to it from the three issuing banks which will open their life insurance departments Jan. 3. As the new insurance system approaches its actual entry into the business of selling life insurance, the indications are that companies and agents face competition which, though aggressive, will be clean.

Paul R. Taylor, deputy insurance superintendent in charge of the savings bank life insurance division, has for some years been pushing for savings bank life insurance in New York but he is no humorless zealot. He has many friends in the life insurance business and recognizes the value of their service. He does not subscribe to the notion that savings bank life insurance should get ahead by trying to cut the throats of agents.

### Avoiding Massachusetts Errors

Evidence of a desire to avoid the unfortunate vindictiveness that has marked the Massachusetts system's promotion during the last few years is to be found in the literature that has been prepared for the use of banks which will issue insurance in New York or act as agents. This literature does mention low cost as a sales point and states that a large reason for this is that savings banks may not employ solicitors and that this "eliminates sales and collection commissions and the absence of waste due to over-selling," but that is about as far as it goes.

While the literature put out by Mr. Taylor's office criticizes endowment insurance as not meriting the popularity which it enjoys, it also warns that term insurance is principally appropriate for temporary coverage and that the best type of policy is ordinary life.

### Gone Ahead Fast

Mr. Taylor has gone ahead fast in his career as lawyer, assemblyman, and deputy insurance superintendent, for it is less than nine years since he was graduated from Yale law school. He is a big, breezy, likeable chap. At the same time, he has shown a serious interest in his work and in doing a good job at whatever he has tackled.

He went to Rochester, N. Y., to practice law as soon as he got his law degree from Yale. It was not long before he got into politics and was elected to

(CONTINUED ON PAGE 6)

## Sales Improvement Winds Up Year

### Big Mid-Season Slump Partially Offset in Later Months

Marked life insurance sales improvement as 1938 closes somewhat mitigated the depressing sales slump earlier in the year. New life insurance for November was 1.5 percent less than for November, 1937, the Life Presidents Association reported. Both ordinary and group showed increases, the best showing thus far this year. Other months have shown decreases ranging from 12.1 percent to 28.9 percent. The total for the first 11 months was 20.4 percent below the 11 months last year.

The report, covering 40 companies, for November shows their total new business was \$671,262,000 against \$681,376,000 in November, 1937. New ordinary amounted to \$444,818,000, against \$427,729,000, increase 4 percent; industrial, \$182,690,000 against \$211,409,000, decrease 13.6 percent; group, \$43,754,000 against \$42,238,000, increase 3.6 percent.

For the first 11 months, total new business was \$6,547,807,000 against \$8,228,115,000, new ordinary, \$4,209,887,000 against \$5,128,401,000, decrease 17.9 percent; industrial, \$1,952,763,000 against \$2,426,168,000, decrease 19.5 percent, group \$383,157,000 against \$673,546,000, decrease 42.8 percent.

### RESEARCH BUREAU ESTIMATE

November volume of ordinary business exceeded that of November, 1937, by about 3 percent, according to the Sales Research Bureau. This is the first time the business has shown a gain in 1938. For the first 11 months of the year sales were 18 percent less than for the same period of 1937. With few exceptions the gains for November were concentrated east of the Mississippi. New York showed the greatest gain with 22 percent.

### Musica Carried \$150,000 on His Life, Is Report

NEW YORK—Philip Musica, who as F. Donald Coster headed the wholesale drug firm of McKesson & Robbins, had a considerable amount of insurance on his life when he committed suicide, according to unconfirmed reports. While information on this point is not complete, indications are that he had close to \$150,000 of life insurance.

It is understood that Musica had approximately \$250,000 of life insurance several years ago but information is not available as to how much of this was discontinued between that time and his suicide last week.

### No Immediate Change in Oregon

SALEM, ORE.—The Salem Insurance Agents' Association sent a letter to Governor-elect Sprague requesting that Hugh H. Earle be retained as insurance commissioner. Mr. Sprague replied that he is not contemplating any immediate change.

## Fidelity Investment Case Holds Interest of Insurance Men

The hearing in the Fidelity Investment Association case before the federal court in Detroit that was scheduled for Monday of this week was set ahead until later in the week. The action of the Securities & Exchange Commission in instituting proceedings to enjoin Fidelity from using the mails or engaging in interstate commerce was particularly interesting to life insurance people.

In West Virginia, the state of its domicile, Fidelity is under the jurisdiction of the state insurance department and is classified as an "annuity company." The only other company so classified in West Virginia is Investors Syndicate of Minnesota.

### Report Given as of Dec. 31, 1937

As of Dec. 31, 1937, the annual report of the insurance department of the auditor's office of West Virginia credits Fidelity with capital of \$1,723,300, assets \$32,708,812, net surplus \$488,204, total liabilities except capital \$30,497,307; amount on deposit with state officials (par value) \$30,803,124.

In some of the states in which it operates, Fidelity has been under the jurisdiction of the insurance department. In other states it was registered with the securities commissioner or the banking department. Now that SEC has brought this action against Fidelity, the latter's license has been suspended in some of the states.

In several of the states in which it operates, Fidelity has put up deposits. In Wisconsin and in Illinois the claim is made that the deposit is ample to cover the amount that has been paid in by the contract holders. Although probably the intention is that these deposits in the individual states should be for the benefit of contract holders in those states, it is entirely possible that other theories might be asserted.

### Terms of the Contract

Fidelity in recent years has been selling a contract whereunder the purchaser pays in \$15 a month for 126 months and then has the option of taking back \$250 a year for 10 years or a lump sum immediately or a lump sum deferred for 10 years. The interest return to the contract holder varies according to the option that he selects. For instance, if he takes a lump sum immediately after 126 months, his return is about 2 percent, whereas if he takes a single payment settlement, deferred 10 years, the interest yield is about 4 percent and the \$250 a year return is about 4 percent.

A substantial surrender charge is placed against the contract and payment can be put off for 60 days after demand. For instance, after payments have been made for 30 months amounting to \$450, the cash surrender value is \$299.

### How Reserves are Constituted

Life insurance actuaries have always been puzzled as to just how the "reserves" of Fidelity are calculated. There is not the statutory requirement as to the reserves of Fidelity that there is for life insurance policy reserves. Some actuaries feel that the Fidelity reserves are about equivalent to the surrender values under the contracts.

(CONTINUED ON PAGE 6)

## N. Y. Department Jogs Companies on Annuity Reserves

### Advises That Annual Bolstering, Done by Some, Should Be General

NEW YORK—The New York department this week called the attention of life companies licensed here to the advisability of charging off each year a portion of the losses that will inevitably arise by reason of too favorable interest and mortality assumption on annuities and on life income provisions of settlement options. The communication to the companies follows a survey made by the department this fall.

Some companies have already begun this process by shifting part of their annuity business over to a more conservative reserve basis each year. Annuity losses for companies licensed in New York totaled \$14,807,550 for 1937 and a substantial share of this was due to shifting the reserve basis on classes of annuity contracts where the interest and/or mortality assumptions were the furthest out of line. These are particularly contracts based on American Experience or McClintock's tables, or on any table using a 4 percent interest assumption.

### Depends on Earnings

While recognizing that the extent to which future losses can be taken care of in advance depends on the course of earnings, the department feels that in the light of changing conditions such a step is definitely in the best interests of policyholders and that companies in general should bear this in mind in charting their operations.

The department's letter which is not in the least hardboiled in tone, comes at a considerably more propitious time, from a company viewpoint, than it would have a few years ago, when drains on surplus from disability losses were at their peak. Domestic companies and some of the out-of-state carriers have pretty well got their disability reserves over to the so-called Class III basis, which comes fairly close to reflecting present day knowledge of disability experience.

### Prepared Comparative Table

In connection with its survey, the department prepared a tabulation comparing the various annuity bases with the so-called standard annuity 3 percent table adopted by many companies, the middle of 1938. On the immediate annuities, taking the new standard 3 percent table as 100 percent, the ratio of the reserve on a like annuity issued at age 60 ranges from 80 to 90 percent on the McClintock reserve basis, the exact figure depending on whether 4, 3½, or 3 percent reserve basis is used and

(CONTINUED ON PAGE 9)

## Selection of Agents, Quality Business, Congress Themes

**DETROIT**—A star program featured the state-wide general agents and managers congress here, sponsored jointly by the Michigan State Association of Life Underwriters and Associated Life General Agents & Managers of Detroit. C. R. Eckert, general agent Northwestern Mutual here, and president managers' association, presided in the morning and Jack Rabinovitch, Northwestern Mutual, Flint, president of state association, in the afternoon. Theme was "Setting the Course for 1939."

C. O. Fisher, vice-president Massachusetts Mutual, talked on "Modern Agency Management—A New Responsibility and a Great Opportunity." Home office officials generally desire to do the best job they can for field men and policyholders, he said. While decisions may seem out of line to agents, it is necessary to take a broad view of problems and solve them with an eye on their ultimate meaning to company and policyholder.

### Demand Quality Business

Distribution and service are vitally important to welfare of the companies, and are most difficult problems. Sometimes a home office official not in the distribution end cannot realize importance of maintaining steady flow of quality new business, yet this is vital. "Our principal function in the agency department of the home office is not to direct your production in the field so much as to afford you assistance and cooperation in your own direction of production effort," Mr. Fisher said. "You general agents are like the building contractor who supervises the job, while the agency department is more like the consulting engineer to whom the contractor turns for help in solving his problems. In recent years the field forces have shown a greater attitude toward consultation with the home office than in past years.

### Notes Some Criticisms

"General agents have sometimes been guilty of careless selection of personnel and of not eliminating men unfitted for the business when it became evident they could not succeed in it. Perhaps we can be criticised, too, for not having brought the level of insurance owned in this country above the present low figure.

"The public is taking more interest in the operation end of the life insurance business today than ever before. The public is demanding that the distribution and merchandising of life insurance be performed on a high ethical plane. Perhaps we have been remiss sometimes in sending men into the field who are poorly equipped to do a good job of filling insurance needs, for permitting men to represent us who have no thought beyond the amount of commission they earn. This means that it is up to us to supply more intelligent supervision and training of our agents, we must be more careful in our recruiting and must eliminate unfit men from our agency forces."

### Close Attention to Costs

New men, he said, should be brought into the business on a basis of agency and company heads being willing to stand by them until they succeed or fail. If they fail, they must be put out of the business. Meanwhile, however, they should be given every assistance. Nothing is worse for an agency than to be loaded down with failures.

Policyholders demand and are entitled to successful agency operation, he said. The general agent must be a good money manager and good business executive, a planner and thinker, as well as doer.

"There is an obligation on the part of the general agent not only to build his agency but also to build it within rea-

sonable cost limits. From the home office standpoint, we have been remiss in not explaining just what we considered to be the right pattern for economical operation. It is up to you to organize, deputize and supervise your business, to surround yourself with capable assistants and then give them a free hand, within limits. You must be the exciter, the driving force. You must motivate and stimulate. The business needs leaders, not bosses. The difference between them is that, when a breakdown occurs, the boss fixes the blame for it and the leader fixes the breakdown.

The appointment as general agent is not a reward for past services; it is an opportunity for further and more difficult service. It is a great responsibility. It calls for sincerity and understanding.

### Tests for General Agents

I have eight questions I ask myself about a man whom I am considering for a general agency appointment: Is he unselfish? Is he financially sound? Can he sell? Can he attract and recruit men? Is he possessed of ability, patience and

willingness to teach and train men? Is he a worker? Is he possessed of the qualities of leadership? I believe that these eight principles are the measure of a general agent or manager."

Life companies of America are fighting for the American agency system against forces that are trying to unseat it. F. D. Russell, president Security Mutual Life, Binghamton, N. Y., declared in a talk on "Agency Management—Where To?" He called attention to the savings bank insurance move and other factors attacking the agency system, declaring that the companies intend to preserve the system even though it may mean a hard fight to do so. Increasing the membership of the underwriters' associations will do much to help, since the legislators must pay attention to organizations representing a large share of the particular business.

### Tax Problem Is Critical

One of the biggest problems today is the taxes, direct and indirect, that life insurance must pay, he said. No one objects to paying a just share of cost of government, but present taxation on insurance is appalling, and the tendency is toward still higher taxes.

It is time to call a halt on insurance taxation. Underwriters could do much along this line by staging an educational campaign to inform legislators of the fallacy of seeking still more tax money from the insurance business, which

## Agency Writes a Record Volume in Day

**PITTSBURGH**—The greatest single day's volume of business in its 58-year history was reported by the Edward A. Woods Company for the annual Equitable Society "loyalty day" here last Friday. Unit totals showed 1,502 cases for a total of \$6,615,124, and 14 group cases, with a total of \$5,304,240.

comes ultimately out of every policyholder's pocket.

"The cost of distribution is inevitable. Some critics of the business claim that abolition of the American agency system will automatically solve this problem, but that theory is absurd. Nevertheless, life insurance must be distributed at the lowest possible cost consistent with safety and good management.

"Better selection of agents and better selection of prospects both are necessary. The full-time men in the field must earn more money, which means that they must get quality business, and quality business only, business that is sold to fill specific needs and consequently will be persistent. Writing quality business means lower acquisition cost and less waste."

E. B. Thurman, general agent New England Mutual, Chicago, talked on "Stimulating the Older Agent." Every man in an agency will go just so far, do just so much work, for money alone. In order to be really successful, he must have further motivation. It is necessary for the general agent to seek the mainspring of each man's character that will enable him to be motivated to work harder.

### Search for Motivation

True motivation comes from within, not without the individual. When a man is found who has dedicated himself to a cause, he will reach the heights. If he has no cause, perhaps one can be found for him. A man who will not follow you beyond the dollar mark, fire him.

"Having a zeal for our business that is little short of madness is a priceless asset," Mr. Thurman said.

The visitors attended a Qualified Life Underwriters luncheon meeting at which Louis Behr, Equitable Society millionaire producer in Chicago, was speaker. Mr. Rabinovitch called a meeting of state association officers and the Life Underwriters Council met in the afternoon.

## Delay of 12 Weeks in Prudential Suit

**ELIZABETH, N. J.**—The suit against Prudential, involving the alleged withholding of \$5,600,000 in dividends from the original stockholders and their heirs, was argued last week, but Vice-chancellor Stein reserved decision to allow Prudential counsel six weeks in which to file additional briefs and granted Samuel Seabury of New York, counsel for the Blanchard estate, an additional six weeks following the filing of the Prudential's briefs, in which to answer the latter.

The Blanchard estate sued in equity court to obtain a declaratory judgment fixing the value of 585 shares of Prudential stock owned by the estate. The suit also asks that the accrued earnings on 29,415 shares of Prudential stock bought by the company at the time of mutualization and since held in trust be distributed.

The arrangement under which the dividends have been accumulated was that part of the dividends on the stock was to be held for the protection of certain classes of policies in force at that time. The company has declined to distribute this accumulated fund, on the ground that the liability is not yet completely discharged.



BEFORE THE CAMERA AT COMMISSIONERS CONFAB

Top row (left to right)—C. F. Smrha, Nebraska insurance director; G. M. Biel, New Mexico superintendent; R. L. Bowen, Ohio superintendent.

Second row—Edgar B. Sims, West Virginia commissioner; M. V. Pew, Iowa commissioner; Harlan Justice, deputy commissioner West Virginia.

Third row—C. C. Neslen, Utah commissioner; P. J. Dunn, South Dakota commissioner; Frank Young, Illinois department.

## Occidental Life Not Affected

### California Company Issues Statement to Quiet Any Misgivings

Occidental Life of Los Angeles has issued a message to its field organization that is designed to set at rest any misgivings that might have been aroused concerning the company because of the action of Securities & Exchange Commission in calling a hearing for Jan. 16 to determine whether the registration of capital stock of Transamerica Corporation on the stock exchanges should be suspended or withdrawn because of certain statements claimed to be "false and misleading" contained in the application for registration and in form 24-K filed pursuant to the requirements of the securities exchange act of 1934. Occidental Life is owned by Transamerica. The statement which is signed by Dwight L. Clarke, executive vice-president of Occidental, is forthright. There is no attempt to dodge the issue. Mr. Clarke goes so far as to refer to a rumor which has been rather prevalent in insurance circles in the last few days that a deal is in the making for sale of Occidental Life to a large middlewestern company.

"Undoubtedly nearly all of you have read something of the issues raised by the Securities & Exchange Commission in the case of Transamerica Corporation. Some of you have inquired of us as to how the same affect Occidental. As others may have the same question in mind it seems proper to answer it here for the better guidance of every representative of our company," Mr. Clarke asserts.

### Assets Are Separate

Transamerica owns all of the capital stock of Occidental Life Insurance Company but the assets of the latter are entirely separate and apart from those of the parent company. These assets are either in our own vaults or in the custody of the various state and provincial insurance departments where they have been deposited to comply with the laws in such jurisdictions. No matter what the outcome of the SEC controversy, our assets will not in any way be changed in amount or status.

"As all of you know, Occidental has to comply with the very strict insurance laws in force in all states and provinces governing every life insurance company doing business there. Examiners from the states of California, Washington, Colorado, Iowa, Minnesota, Missouri and Louisiana (and representing all the insurance departments of the states in which Occidental is licensed), a few months ago completed the regular triennial examination of this company. They found it in a thoroughly solvent condition and their report now filed in all jurisdictions where Occidental is licensed showed after setting up complete and ample reserves for all liabilities and after giving effect to all adjustments made by the examiners that as of December 31, 1937, current capital and surplus were \$2,272,672.

### Figure Has Been Increased

"Our operations since that date have substantially increased said figure. It is the opinion of our officers most familiar with the company's affairs that Occidental was never in a stronger position than it is today and that 1938 bids fair to prove one of the most successful years in its history, particularly from the standpoint of earnings, soundness of assets, and growth of agency force. Notwithstanding these facts, which we believe are realized by every Occidental agent, idle or malicious gossip may be expected to take advantage of this controversy to the possible injury of Occidental if all of us are not aggressively alert to challenge rumors and to assert

## Heads Connecticut General's Texas Expansion Program



A. C. PRENDERGAST

A. C. Prendergast, who is opening Texas for the Connecticut General Life, will have offices in the Republic Bank building in Dallas. Mr. Prendergast heads his own local agency.

The Connecticut General will devote

the known facts as to our own strong condition.

"As you will undoubtedly wish to know something about Transamerica Corporation's side of the question we are enclosing a copy of a letter sent to Transamerica stockholders on December 1, 1938, by the president and secretary of that corporation. In our opin-

ion it fairly states Transamerica's position and is most reassuring to any unprejudiced reader. It should enable you to answer questions and remove any doubt that may exist on the part of any policyholder or prospect.

"At a time like this we may expect to hear wild rumors. We should be on our guard not to credit them but to wait confirmation or denial from reliable sources. We have even heard this week for example that Occidental itself has been sold or is about to be sold to a certain eastern company. Not only is this rumor totally false but what is more—not a single officer or director has even so much as discussed or considered such a sale, nor has the other company named in this story ever approached us with a view to our purchase. We cannot state too emphatically that our management has no thought or intention of selling the company.

"Occidental is not for sale!"

### New Office at Austin

The Southern Life has established new offices for Austin, Tex., at 721-722 Brown building, with J. S. Baldwin as agency manager.

## Changes Announced in Two Forms

New settlement options effective Jan. 1 of the Northwestern Mutual require that corresponding changes be made in the amount of proceeds to be provided under special retirement endowment and family income policies. Since the guaranteed interest rate has been reduced on policy proceeds, it has been necessary to increase the term element of the family income policies and likewise under the special retirement endowment forms the maturity values have been increased to an amount which will provide \$10 monthly life income per unit from the new interest rate. These new premiums are shown in the accompanying table.

The Northwestern Mutual dividend schedule for 1939 will be generally the same as the 1938 schedule but there are some few instances of decrease at the longer durations on 20 payment life and 20 year endowment. These decreases are very slight and affect nothing earlier than the 20th year in the 20 payment life but occur as early as the 15th year in some cases under the 20 year endowment.

The new rates follow:

Age	Annual Premium Rates			Family Inc. Inc. Inc.
	55 Male	60 Male	65 Male	
10	\$27.85	\$22.91	\$19.55	\$24.08
15	32.73	26.34	22.05	27.80
20	39.23	30.81	25.26	32.65
25	48.18	36.77	29.45	39.11
30	61.03	44.97	35.03	48.00
31	64.28	46.98	36.36	50.18
32	67.83	49.15	37.79	52.53
33	71.71	51.48	39.32	55.06
34	75.98	54.00	40.95	57.80
35	80.69	56.74	42.70	60.77
36	85.91	59.71	44.58	63.99
37	91.73	62.96	46.60	67.52
38	98.24	68.52	48.78	71.37
39	105.57	70.42	51.14	75.61
40	113.91	74.71	53.70	80.27
41	123.45	79.49	56.48	85.45
42	134.46	84.80	59.51	91.21
43	147.34	90.73	62.82	97.66
44	162.56	97.42	66.46	104.93
45	180.81	105.02	70.47	113.18
46	—	113.71	74.91	122.61
47	—	123.72	79.84	133.50
48	—	135.40	85.35	146.22
49	—	149.24	91.55	161.23
50	—	165.80	98.58	179.23

## Preventing Aggrievement

When age-adjustment results in a reduction in the death claim check, it is sometimes difficult to make the beneficiary see that the adjustment is fair and was provided for in the policy itself.

Two underwriters were discussing their practice when settling such a death claim. One of them said that despite his explanation the beneficiary might insist that she was being wronged. And he asked his companion how he handled a similar situation.

"Well," said the other, "I always explain, as simply as I can, the provision, contained in the policies of all companies, for adjustment of payment when there has been misstatement of age in the application. And I add:—'But it doesn't always work as in your case, Mrs. Morrison. Only last month I handed a check to the widow of a man who had overstated his age, and had been paying premiums for a year older than he really was. The Company's check was, of course, for a larger amount than the face of the policy. I wish it might have been so with you, but, as you see, the reduction isn't large.'"

Usually, he said, this prevents an outbreak of aggrievement, and wholly satisfies the beneficiary.

\* \* \*

### THE PENN MUTUAL LIFE INSURANCE CO.

W.M. H. KINGSLEY, President

Independence Square

PHILADELPHIA

### Baker Hits Million Mark for Second Time

Harry J. Baker, general agent for the Bankers National Life in Boston, has passed the million dollar mark in new paid business for 1938, duplicating his production for 1937. Harry Baker has been the production leader for that company eight years out of the 10 that he has been general agent.

On Jan. 3 a triple celebration has been arranged to observe Mr. Baker's 10th anniversary with Bankers National, his achievement in hitting the million dollar mark, and a bon voyage party on the following day. Mr. Baker will sail on the "Acquitania," accompanied by his family, for a month's vacation in England. He is a native Britisher.

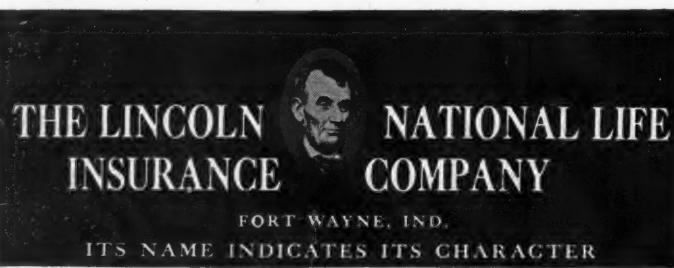
### Can't Contest Claim

A life company after expiration of the contestable period cannot contest a disability claim on the ground that material misrepresentations, subsequently admitted by the claimant, were made in obtaining the policy, even though the policy specifically excepts disability and double indemnity from the operation of the contestable provision, a New York City municipal court judge has ruled in the case of Joseph Joseph against the Equitable Society. There was no question that the insured became disabled. While such a decision would be of great importance if it were to be upheld by the higher courts it is not believed that there is not even a remote chance of this occurring. As decisions by the state's higher tribunals have consistently construed similar clauses as giving the company the right to contest on the ground of material misrepresentations.



# A Courteous Cop TO POLICE YOUR PERSONAL AFFAIRS

This policeman works for the LNL man. He operates through a little book called "The Organizer." In this book are listed easy-to-understand procedures for personal TIME CONTROL. At the end of every month, this "courteous cop" presents his employer with a clear picture of the past thirty days' work. Weak points as well as strong points are discovered. Weak points are cured. LNL men report greatly increased production when they employ this "policeman" of their day-by-day sales routine.



## Expand Home Office Agency



Improved service for policyholders of the home office agency of the Penn Mutual Life in Philadelphia is announced by J. A. Stevenson, executive vice-president, available also to policyholders from elsewhere in the country who may be visiting the city. The agency is being expanded due to business growth. It is housed in the home office on Independence Square. The agency's growth has caught up with and passed the space capacity designed when the building was put up a few years ago. At that time the entire second floor of the new building and the adjoining old building was assigned to the agency. This policyholders' service branch has been equipped in the counting room on the first floor, and a complete staff installed, with Fred R. Ellis, a service expert of the agency, in charge.

The new extension was opened, with President W. H. Kingsley, Mr. Stevenson, A. E. Patterson, vice-president, and the agency's co-managers, J. H. Reese and E. L. Reiley, in attendance.

### Daniel Espouses Program of Legislation for Texas

Commissioner Daniel of Texas recommends recodification of the insurance laws, in his annual report to the governor. In addition he advocates certain specific changes.

Mr. Daniel advocates passage of a law authorizing the department to refuse to license or to cancel licenses of out of state companies that refuse to open their books to representatives of the department.

Mr. Daniel wants another law permitting the department to refuse to license companies that are domiciled in states that refuse "for no valid reason" to license Texas companies.

Mr. Daniel wants a law giving the department authority to fix rates and prescribe uniform forms for local mutual aid associations.

Mr. Daniel seeks to have field representatives of fraternals included in the agent's license law.

Mr. Daniel favors a law requiring not less than \$250,000 capital and surplus before a stock life company can be licensed. He would have repealed the law permitting organization of so-called mutual life companies.

Another recommendation is a statute to prevent a life company from investing more than a certain percentage of its assets in any one commitment.

### Clark Endorsed for Post

CASPER, WYO.—The Casper Association of Insurance Agents endorsed Irving E. Clark, district manager Mutual Life of New York, for the post of insurance commissioner. He is one of six or seven men who have their "hats in the ring." There is no indication as to who will get the appointment. It is generally believed the appointment will not be made until after the new governor goes into office. It must be ratified by the state senate before its adjournment.

### Rescinds "Hospitalization" Order

ATLANTA, GA.—Commissioner Harrison of Georgia has rescinded his order prohibiting life, health and accident companies from writing contracts designated as "group life and hospital service," "hospital expense policy," "group hospitalization," and "hospital benefit policies," which indemnifies the holder of the policy against hospital expense or paying for hospital expense.

### Bay State Commissioner Files Legislative Wants

BOSTON—Commissioner Harrington of Massachusetts has filed a number of legislative proposals with the legislature.

The commissioner favors a statutory requirement that group life policies contain a 31-day grace period following termination of employment during which the insured may switch his protection to a permanent form without medical examination. At present this requirement is by departmental edict.

In connection with non-cancellable accident and health policies, Mr. Harrington favors enactment of the requirement that notices be sent to the assured of premiums due. Some of the companies have been suspected of deliberately failing to send such notices in the hope that the assured would forget about the date, thus giving the insurer an excuse to shake itself free from the risk.

### Metropolitan Revises Pension

The Metropolitan Life has revised its pension program for its employees, taking into account the provisions of the social security act. It is now offering an optional hospitalization plan to agents and employees earning under \$5,000 a year.

### Middle Atlantic Actuaries Meet

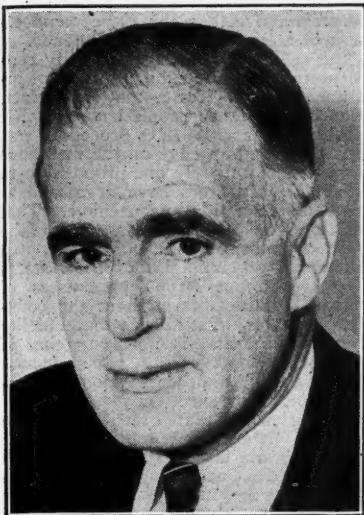
The Middle Atlantic Actuarial Club held its quarterly meeting at the home office of Acacia Mutual Life in Washington with 17 members present.

George Kenigson, assistant actuary Sun Life of Baltimore, presented a paper "Industrial Surrender Values," and led a discussion on the subject. In the absence of L. C. Carlton, attorney Life of Virginia, discussion of his paper on "Aviation Riders" was led by E. M. Thoré, assistant counsel Acacia Mutual Life. The next meeting will be March 3 in Washington.

John J. Zilis, general agent Guarantee Mutual Life, in Roseland, a suburb of Chicago, died as result of an automobile accident there. He had represented the company as general agent three years, and also conducted a general insurance business.

Norcliffe S. Meyer, 47, for six years agent at Texarkana, Ark., for the Aetna Life, died.

## Nine-times Millionaire Is Optimistic About 1939



**HENRY G. MOSLER**

Henry G. Mosler of the Massachusetts Mutual in Los Angeles, has completed another year by selling \$1,000,000 of insurance, his ninth consecutive year as a million dollar producer.

In 1938 he was elected executive vice-chairman of the Million Dollar Round Table and the same year was elected president of the Los Angeles Life Underwriters Association.

He entered the business in 1930, writing that year \$1,820,000 insurance. In 1933, having completed three consecutive years as a million dollar producer, he became a life member of the Million Dollar Round Table.

He has written over 60 lives so far this year with an average policy of about \$18,000. While Mr. Mosler is working on larger policies, he devotes his time to writing smaller ones because he feels by doing this, his technique and morale are maintained. Waiting for the bigger ones to break he feels is the cause of many agents' failures.

Mr. Mosler predicts that 1939, regardless of the rate and policy changes, should not affect the life insurance business because business is on the up trend. People will be earning more money and will require greater insurance estates as well as looking for outlets to invest their money.

### Superlative Loyalty Day

NEW YORK—The Equitable Society's loyalty day campaign resulted in 4,403 representatives writing 10,022 applications for a total of \$81,532,338 of

## NEWS OF WEEK

Savings bank insurance in New York to avoid destructive competition. **Page 1**

\* \* \*

New York department counsels companies on bolstering annuity reserves. **Page 1**

\* \* \*

SEC action against Fidelity Investment Association creates much interest. **Page 1**

\* \* \*

Ordinary sales show increase, both Life Presidents and Bureau report. **Page 1**

\* \* \*

Delay in suit against Prudential of 12 weeks is granted by New Jersey court. **Page 2**

\* \* \*

Company, agency heads provide star program at state-wide Michigan general agents' and managers' congress held in Detroit. **Page 2**

\* \* \*

Occidental Life of California issues statement that it is not affected by SEC action involving Transamerica Corporation, which owns Occidental. **Page 3**

life insurance—a new record for these demonstrations and an increase of \$15,200,000 over the previous high record, established in 1929. Business written on loyalty day exceeded the entire 1937 new business for each of the nation's life companies with the exception of the 18 largest. The loyalty day volume was not at the expense of regular business, as the total for the first half of December was 35 percent larger than for the same period last year.

### "Doggy" Calendar Is Put Out

From the cover of Massachusetts Mutual Life's 1939 calendar a wire-haired terrier looks out over the inscription "Faithfully Yours." On the 12 monthly pages, a parade of popular thoroughbreds follow him, each breed being named and described on the inside back cover.

This calendar is being personally presented by agents, whose imprint it bears, to clients and their friends.

### Mrs. Roosevelt Not to Be Broker

BOSTON—Mild interest attaches to the announcement Mrs. Eleanor Roosevelt, wife of the President, will become a director of the insurance firm of Roosevelt & Sargent in Boston to carry on

the interests of her son, James Roosevelt, who has taken up a moving picture career in Hollywood. Under the state law, insurance department officials state, Mrs. Roosevelt would be required to register as a broker if she desired to participate actively in the writing of insurance in this state, and up to the present time no broker application for registration has been received from her.

### Julian and Newbauer Feted

INDIANAPOLIS—Frank N. Julian of Alabama, president National Association of Insurance Commissioners, was guest speaker at a luncheon meeting of life insurance people here in honor of Commissioner Newbauer of Indiana.

The meeting was sponsored by Indianapolis Association of Life Underwriters, Indianapolis General Agents & Managers Association, Indiana State Association of Life Underwriters, Association of Indiana Legal Reserve Life Insurance Companies, and Indianapolis Chapter C. L. U. Forty-four officials of Indiana life companies were introduced.

Governor Townsend was a guest and welcomed the visiting officials.

Mr. Julian, Mr. Newbauer, and the presidents of Indiana life companies were guests at a dinner and Christmas party given by the General Agents & Managers Association that evening.

## STOCKS

H. W. Cornelius of Bacon, Whipple & Co., 135 South La Salle street, Chicago, gave the following stock quotations for life companies as of Dec. 20:

	Par	Div.*	Bid	Asked
Aetna Life .....	10	1.35*	25 1/2	27
Central, Ill. ....	10	...	9	12
Cent. States Life .....	5	...	2 1/2	3 1/2
Columb. Nat. L. ....	100	...	65	72
Conn. General .....	10	.80	25 1/2	27 1/2
Contl. Assurance .....	10	2.00	36	38
Federal Life .....	10	...	4 1/2	5 1/2
Great Southn. L. ....	10	1.30	21	23
Kan. City Life .....	100	16.00	345	365
Life & Cas. ....	3	.50	11 1/2	13
Lincoln Natl. ....	10	1.20	25	27
New World Life. ....	10	.40	5 1/2	6 1/2
No. Amer. Life. ....	10	...	2	2 1/2
N. W. National .....	5	.30	13	14
Ohio National .....	10	1.25	24	27
Old Line Life. ....	10	.60	11	12
Philadel. Life. ....	10	...	1 1/2	2 1/2
Sun Life, Can. ....	100	15.00	410	450
Travelers ....	100	16.00	430	445
Union Cent. Life .....	20	1.20	26	28 1/2
Wis. National .....	10	1.00	15	17

\*Includes extras.

As part of its 35th anniversary celebration the Life & Casualty is honoring President **A. M. Burton** in a production drive in January.

**Henry Stevens**, Toledo agent of the Ohio State Life, has completed 250 weeks of consecutive weekly production.

## Look at Number 8...

We mean just that—"Unusually effective selling equipment." Experience proves that on the average one sale results from each seven presentations made.

### WE OFFER:

1. A liberal agency contract.
2. A plan for financing your agency.
3. Accounting methods to guide you.
4. Proven plans for finding—training agents.
5. A liberal financing plan for your agents.
6. A unique supervisory system.
7. Organized Selling Plan.
8. Unusually effective selling equipment.
9. Policies for every purpose: Regular — Family — Juvenile—Women—Group—Payroll Savings, etc.
10. Low Monthly Premiums.

A \$220,000,000.00 Mutual Company, 58 years old with an understanding, cooperative Home Office.

**THE MINNESOTA MUTUAL LIFE INSURANCE COMPANY**  
Saint Paul, Minnesota



## Bank Insurance to Keep on Fair Basis

(CONTINUED FROM PAGE 1)

the New York assembly for the 1934 and 1935 sessions. He was the first Democrat ever elected from his assembly district. Much of his campaigning was on a strictly cold canvass, doorbell-pushing basis that would have aroused the admiration of any life insurance agent. The then superintendent of insurance, G. S. Van Schaick, now vice-president of the New York Life, was also from Rochester. Observing Mr. Taylor's abilities, he appointed him in the liquidation bureau of the insurance department, where he served for eight months under the man who was later to succeed Mr. Van Schaick as superintendent—L. H. Pink.

In March, 1936, Mr. Taylor went to the insurance department proper as counsel, where he served until May, 1937. In that capacity he handled the much publicized Stebbins, Leterman & Gates case, which was an action by that firm for a review of the superintendent's revocation of its license. Life insurance friends of Mr. Taylor who may feel that he has gone over to the enemy by be-

coming head of the savings bank insurance system might take comfort in remembering that as the department's counsel he fought the Investors Syndicate in an action to construe the New York statute prohibiting guaranteed mortgages. This firm and others of its type are the outstanding competitors of the institution of life insurance. Though he lost this case, Mr. Taylor is still interested in the guaranteed mortgage situation as it affects Investors Syndicate.

While in Rochester Mr. Taylor was secretary and counsel to the Rochester Hospital Service Corporation, the first of the now popular hospitalization plans to be chartered in New York state. It has more than 100,000 members and is the largest in the state outside of New York City. He was also a director of the Abstract Title & Guaranty Company of Buffalo.

Appointed a deputy in May, 1937, he has since that time worked on life insurance, casualty and rating and has put in much time on the drafting of the proposed New York insurance law revision. During 1936, 1937 and 1938 he handled legislation for the insurance department. The most important measure during that time was undoubtedly the law, which goes into effect Jan. 1, reduc-

ing the interest rate on policy loans to 5 percent.

Mr. Taylor took over the job of heading the savings bank life insurance system July 1 of this year. His office has charge of drafting and printing forms and policies. Rates have been determined by the savings bank division's actuary, Carl F. Victor, who for 11 years was assistant actuary for the Massachusetts system.

That life insurance men who know Mr. Taylor do not regard him as agents in Massachusetts look upon Savings Bank Commissioner Judd Dewey may be inferred from the fact that Mr. Taylor was invited to address the Life Managers Association of Rochester and after his talk the organization passed a resolution to cooperate with him.

## Fidelity Investment Case Holds Interest

(CONTINUED FROM PAGE 1)

With the inclusion of a life insurance deal, these fidelity contracts are advertised as being "self completing." A life insurance company issues a "multiple life policy" whereunder the payments, as they fall due, are completed for those contract holders who died before the 10-year paying in period ends.

To a certain extent the Fidelity propo-

sition has been a competitor of life insurance. It has been competitive, however, only with investment types of life insurance such as short term endowments, annuities, etc. On paper, the Fidelity proposition seems a good deal more attractive than the 10-year endowment of a life company, for instance.

The selling technique of Fidelity representatives is quite similar to that of insurance agents. As a matter of fact, some life insurance people have felt that Fidelity so far as its sales procedure was concerned, had an edge on life insurance because it had merely one proposition to offer. The solicitors have been able to concentrate on this one package. That has made for quick sales inasmuch as the prospect had no choice.

The bill of complaint of SEC states there are about 60,000 purchasers of Fidelity contracts throughout the country. The complaint alleges that Fidelity "has engaged and is now engaging in transactions, practices . . . which operate . . . as a fraud and deceit upon the purchaser of such securities."

SEC charges that Fidelity failed to maintain deposits as required by the West Virginia law and by its contracts.

The assets, according to the complaint, for the most part represent a combination of funds segregated in and belonging to special contract funds that are restricted for the exclusive benefit of specified classes of contract holders.

The Milwaukee "Journal" quoted H. M. Steussy, Wisconsin supervisor for Fidelity, as saying that the matter is purely a routine check up by the SEC.

## FILE RECEIVERSHIP PETITION

This week a group of Philadelphia contract holders requested in federal court at Wheeling appointment of a receiver for Fidelity. Further payments by contract holders would be placed in a separate fund under the proposed receiverships.

Commissioner Sims of West Virginia asserted that as of June 30 Fidelity had securities sufficient to meet the cash demand under the contract terms. That lends credence to the theory that Fidelity reserves are merely equivalent to the cash surrender value.

Carnid Thompson, president of Fidelity, said the executive committee had voted to register with SEC. Directors of Fidelity state they will go far to meet demands of SEC so as to avoid litigation.

Investors Syndicate of Minnesota announces its intention to register with SEC.

## CEASE ORDER IN TENNESSEE

NASHVILLE—The department of insurance & banking has issued a cease order forbidding the sale of certificates of Fidelity Investment Association in Tennessee pending the disposition of allegations of fraud practices, filed by SEC. H. G. Trythall, assistant state commissioner, declares that \$125,000 has been deposited in the state by Fidelity and that investors in the state are protected in the amount of the surrender value of their contracts. Mr. Trythall states that his department has been studying the concern since October and that its findings were placed in the hands of SEC.

## IN MICHIGAN SINCE 1925

LANSING, MICH.—Fidelity Investment Association was admitted to Michigan in 1925 through the insurance department and it has since been relicensed by the department. It has used life company forms in filing statements but has never paid a premium tax. The Michigan authorities have never examined Fidelity.

Fidelity agents are licensed through the department and also represent Lincoln National Life which insures Fidelity contract holders under a multiple life plan.

**George M. Sink, Jr.**, is now cashier of the New York Life's agency at Nashville, Tenn., following transfer from Little Rock, where he was assistant cashier of the Howard H. Conley general agency. He has been with the company 13 years. His father is completing a record of 29 years as local agent at Newport, Ark. A brother, J. P. Sink, is with the company at Jackson, Miss.

Minneapolis Journal Photo

THE DOORWAY TO OPPORTUNITY

In the Land of 10,000 Lakes

NORTHWESTERN NATIONAL  
LIFE INSURANCE COMPANY  
O.J. ARNOLD, PRESIDENT  
STRONG - Minneapolis, Minn. - LIBERAL

# NEWS ABOUT LIFE POLICIES

By JOHN H. RADER

New Policies, Premium Rates, Dividends, Surrender Values, and all Changes in Policy Literature, Rate Books, etc. Supplementing the "Unique Manual-Digest" and "Little Gem," Published Annually in May and March respectively. PRICE, \$5.00 and \$2.50 respectively.

## New England Mutual Dividends Shown

The schedule of "shares of surplus" (or dividends) for 1939 was announced by New England Mutual Life, applicable to policies issued since Jan. 1, 1908, on 3 percent American Experience basis.

The illustrations are on \$1,000 insurance unit. Proceeds of policies left as trust funds and dividends left on deposit, will receive 3½ percent interest. The dividend illustrations for three more popular forms are:

### Ordinary Life

Age	Dividend	End of Year	Total				
			1	5	10	15	20
20	4.02	4.41	5.11	5.79	6.70	105.02	
21	4.05	4.52	5.18	5.94	6.81	106.85	
22	4.09	4.57	5.23	6.03	6.86	108.04	
23	4.12	4.63	5.30	6.12	6.91	109.21	
24	4.15	4.67	5.38	6.23	6.98	110.43	
25	4.18	4.73	5.45	6.26	7.04	111.65	
26	4.21	4.79	5.58	6.30	7.19	113.21	
27	4.24	4.85	5.63	6.35	7.28	114.28	
28	4.29	4.91	5.68	6.40	7.37	115.41	
29	4.45	4.98	5.75	6.45	7.47	116.67	
30	4.50	5.08	5.82	6.51	7.58	118.04	
31	4.55	5.10	5.84	6.59	7.81	119.54	
32	4.61	5.19	5.90	6.67	7.95	121.16	
33	4.68	5.25	5.99	6.76	8.10	122.86	
34	4.75	5.36	6.05	6.86	8.30	124.73	
35	4.82	5.43	6.12	6.98	8.51	127.03	
36	4.90	5.51	6.13	7.10	8.73	129.06	
37	4.99	5.59	6.19	7.23	8.97	131.20	
38	5.13	5.69	6.24	7.38	9.21	133.66	
39	5.20	5.75	6.31	7.58	9.48	136.34	
40	5.32	5.83	6.43	7.80	9.77	139.33	
41	5.44	5.84	6.54	8.03	10.10	142.33	
42	5.48	5.86	6.69	8.23	10.35	145.41	
43	5.54	5.98	6.83	8.53	10.67	148.93	
44	5.61	6.10	7.01	8.81	11.00	153.06	
45	5.66	6.25	7.19	9.10	11.34	157.39	
46	5.67	6.31	7.36	9.40	11.69	160.96	
47	5.69	6.37	7.55	9.73	12.07	164.87	
48	5.71	6.44	7.77	10.00	12.44	169.05	
49	5.73	6.52	7.99	10.40	12.85	173.54	
50	5.73	6.57	8.21	10.78	13.44	178.33	
51	5.73	6.63	8.54	11.16	13.88	183.53	
52	5.75	6.78	8.87	11.57	14.32	189.23	
53	5.78	7.01	9.23	11.98	14.76	195.45	
54	5.83	7.25	9.62	12.43	15.20	202.12	
55	5.94	7.50	10.02	12.88	15.65	209.38	
56	6.06	7.76	10.45	13.36	16.10	216.93	
57	6.28	8.04	10.89	13.84	16.56	224.96	
58	6.61	8.42	11.37	14.34	17.03	233.58	
59	6.96	8.85	11.86	14.83	17.52	242.64	
60	7.35	9.30	12.37	15.33	18.04	252.19	
61	7.76	9.77	12.91	15.83	18.59	262.25	
62	8.21	10.29	13.48	16.35	19.42	272.89	
63	8.69	10.82	14.04	16.88	20.30	284.29	
64	9.20	11.40	14.61	17.42	21.21	296.49	
65	9.75	12.00	15.20	18.01	22.55	309.91	

### 20-Payment Life

Age	1	5	10	15	Total	
					20	20 Yrs.
20	4.22	4.88	5.94	7.12	8.47	123.87
21	4.26	5.03	6.00	7.32	8.64	126.12
22	4.29	5.08	6.07	7.40	8.69	127.31
23	4.32	5.14	6.13	7.48	8.76	128.49
24	4.36	5.19	6.20	7.58	8.83	129.72
25	4.38	5.24	6.27	7.63	8.90	130.97
26	4.56	5.30	6.44	7.67	9.10	132.75
27	4.59	5.36	6.49	7.72	9.19	133.90
28	4.64	5.42	6.55	7.77	9.28	135.05
29	4.69	5.49	6.61	7.83	9.37	136.32
30	4.75	5.57	6.68	7.90	9.49	137.66
31	4.80	5.61	6.71	7.97	9.73	139.18
32	4.85	5.69	6.75	8.05	9.85	140.68
33	4.93	5.75	6.84	8.13	9.98	142.28
34	4.99	5.85	6.89	8.23	10.14	143.88
35	5.07	5.92	6.97	8.33	10.30	146.16
36	5.14	5.99	6.97	8.43	10.46	147.81
37	5.23	6.07	7.03	8.55	10.64	149.66
38	5.33	6.15	7.07	8.66	10.82	151.70
39	5.43	6.21	7.13	8.83	11.00	153.90
40	5.54	6.28	7.24	9.01	11.19	156.35
41	5.66	6.29	7.33	9.20	11.45	158.78
42	5.71	6.32	7.46	9.38	11.58	161.15
43	5.75	6.41	7.58	9.59	11.79	163.95
44	5.83	6.52	7.73	9.81	12.00	167.28
45	5.87	6.66	7.88	10.03	12.20	170.69
46	5.88	6.72	8.03	10.27	12.43	173.47
47	5.90	6.77	8.20	10.52	12.65	176.42
48	5.91	6.82	8.38	10.78	12.88	179.56
49	5.91	6.89	8.55	11.04	13.11	182.85
50	5.91	6.94	8.76	11.33	13.55	186.56
51	5.91	6.97	9.04	11.63	13.80	190.49
52	5.92	7.11	9.33	11.94	14.05	194.93
53	5.94	7.32	9.64	12.27	14.29	199.76
54	5.98	7.54	9.98	12.62	14.54	205.13
55	6.09	7.76	10.33	12.98	14.79	211.00

### 20-Year Endowment

Age	1	5	10	15	Total	
					20	20 Yrs.
20	4.65	5.85	7.63	9.83	12.05	162.30
21	4.67	6.07	7.66	10.05	12.26	164.50
22	4.70	6.10	7.68	10.07	12.26	164.92
23	4.72	6.13	7.71	10.09	12.26	165.31
24	4.75	6.16	7.74	10.11	12.27	165.75
25	4.77	6.19	7.77	10.11	12.27	166.18
26	5.01	6.23	7.99	10.11	12.48	167.74

Sample rates for the new income en-

## THE STRAIGHT LINE

### THE SHORTEST DISTANCE

#### BETWEEN POINTS

Shortening the distance between prospect and insurance agent for their mutual profit is the motivating factor behind the field organization program of General American Life.

Through the availability of its \*multiple-lines and correlated systems of sales promotion General American Life fieldmen present attractive plans of protection for the insurance buyer.

That the agency system in operation is profitable alike to agent and general agent, is evidenced by the number of men voluntarily seeking agency contracts with General American Life, and in the steady, solid growth of its entire field organization.

Successful insurance men are alert to the advantages of affiliation with this strong, soundly managed, agency-minded company.



WALTER W. HEAD, President  
St. Louis, Missouri

\*MULTIPLE LINES... Participating • Non-Participating Salary Savings • Juvenile • Sub-Standard • Annuities • Commercial Accident & Health • Group Life • Wholesale Insurance Group Accident and Sickness • Group Accidental Death and Dismemberment • Group Hospitalization



## Jogs Companies on Annuity Reserves

(CONTINUED FROM PAGE 1)

whether the annuitant is a man or a woman.

At the same age, the American Experience 3½ percent calls for a reserve of 82 percent for males and 72 percent for females, as compared with the standard 3 percent table. Also at age 60, reserve values on the Combined Annuity table range from 83 to 92 percent of the standard table, again depending on whether a 4, 3½, or 3 percent rate is assumed, and to a slight extent on the sex of the annuitant. Again using age 60, the American Annuitants' (ultimate) basis calls for a reserve of from 81 to 90 percent of the new standard table, and, like the Combined Annuity basis, the exact percentage depends considerably more on whether 4, 3¾, 3½, or 3 percent interest is assumed.

### Lower at Higher Ages

In every case, if a higher initial age for starting the contract is assumed, the reserve basis is a smaller percentage of the new standard table than the same mortality table and interest assumption would call for at age 60. This is shown most strikingly in the case of McClintock 4 percent table, where a contract on a female annuitant age 60 would call for 80 percent of the new standard table. If the contract were purchased at age 70, however, the ratio of the McClintock 4 percent reserve to the new standard reserve would be only 76.8 while at age 80 it would be only 71.3 percent.

Assuming that the new standard annuity table is exactly correct, the ratio which each of the other bases bears to the standard table indicates the extent to which of these contracts is shy of complete adequacy. In general, the less

adequate the reserve basis, the longer the business has been on the books and the less of it still remains on that basis, either because comparatively little of it was sold, or because of deaths among annuitants, or, in the case of some companies, money has been put into reserves to bring them to a basis that more nearly reflects actual interest and mortality conditions.

### Situation with Options

The inadequacy in reserves is even more marked where the annuity provisions under settlement options are concerned. The New York department's comparison of 20-year deferred annuities on various bases to the standard deferred annuity 3 percent table indicates that if the standard table is exactly correct other reserve tables are as little as 23 percent adequate at certain ages. This class of annuities constitutes the life income portion in the annuity option which takes up as the 20-year certain period ends. The income paid during the 20 year certain period does not involve life contingencies and hence does not call for the use of an annuity table.

At age 40, male, a 20-year deferred annuity on the McClintock basis calls for a reserve which ranges from 58.9 to 77.0 percent of the standard 3 percent annuity value, the exact figure depending on what interest assumption is used. At age 60 the range is from 42.2 percent to 52.9 percent of the standard table. The corresponding percentages for females range from 61.5 to 81.2 at age 40 and from 43.2 to 54.4 at age 60.

### Where Basis Is Shy

It is on the American Experience 3½ percent basis that the greatest inadequacy appears. This basis calls for only 67.5 percent of the standard table at age 40 and 37.5 percent at age 60 in the case of men; while for women age 40 it calls for 55.7 percent of the standard table and for women age 60 the extremely inadequate percentage of 23.0. The American Experience 3 percent table is somewhat more adequate, as might be expected of the lower interest assumption.

The Combined Annuity table gives ratios ranging from 68.8 percent to 90.4 percent of the standard table for males at age 40; and from 55.3 percent to 69.5 percent for males age 60, the exact figure in each case depending on whether a 4, 3½, or 3 percent interest assumption is used. The same table for women gives percentages of the standard table as follows: Age 40, 67.2 percent to 89.1 percent; age 60, 54.8 percent to 69.5 percent. For equivalent ages and interest assumptions, the American Annuitants' (ultimate) table gives percentages of the standard table which are from one to seven points lower than the Combined Annuity table. In the ratios on like annuities and deferred annuities on the American Annuitants' (ultimate) basis, the values for the female table were obtained by stepping back the male table four years.

### Sought Annuity Analysis

In going into the annuity reserve situation, the New York department was interested in getting an analysis of 1937 business which would include reserves for supplementary contracts involving life contingencies, the analysis separating the reserves according to rates of interest, mortality standards and modification of these standard classifications, if any, and in addition showing the years of issue of the contracts under consideration. The department's questionnaire asked that if reserves for that portion of supplementary contracts not involving life contingencies are included in the annuity liabilities, these should be reported separately. On the other hand, if reserves for these annuities certain are not computed exactly, the department indicated that an estimate would be acceptable.

The questionnaire also included the following queries:

1. What proportion of death claim or endowment proceeds becoming payable in 1937 were applied under a life income option (either refund or non-refund)?
2. On what basis were such settle-

ment options, so selected in 1937, valued?

3. Has your company set aside or accumulated any extra reserves for annuities or supplementary contracts written on standards which do not adequately measure present longevity or interest assumptions? If not, does your company have such steps in mind?

4. The proposed New York insurance code would require minimum reserves on new annuities and/or settlement options incorporated in new life policies according to the combined annuity tables (set back one year) with interest at 3½ percent. The only exception to this minimum standard is that for single premium annuities, where the combined annuity tables with 4 percent interest are allowed. Does your company consider such standards adequate in the light of present experience?

### Results Not Revealed

While results of the survey were not summarized in the department's letter of this week, the mere fact that the letter is

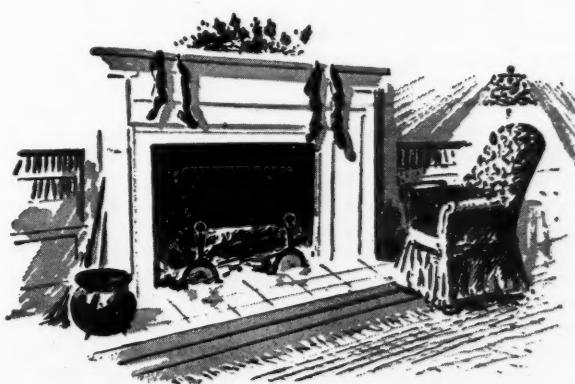
being sent indicates that replies to the questionnaire were not wholly satisfactory in the case of all companies.

### Prepare for Palm Beach Parley

C. W. Reuling of Peoria, Ill., president Massachusetts Mutual General Agents Association, and other executive committeemen of the organization met with company officers in Springfield to discuss final plans for the association's annual conference at Palm Beach, Feb. 1-3.

Recruiting and training will be spotlighted at the meeting. The company will announce visual recruiting material for the assistance of general agents. The training course, "Massachusetts Mutual Selling" is being revised to include the latest sales technique.

**Stephen Ireland**, vice-president and superintendent of agencies of the State Mutual Life, visited Dallas, San Antonio and Houston agencies.



## AS ALWAYS—TOGETHER

These fatherless children will not suffer the added grief of separation from each other on Christmas Day.

Their dad was a believer in the protection of dependents with life insurance.

Ask your prospects what Christmas would mean for their own children were they deprived of their family provider.



**The Prudential**  
Insurance Company of America  
Home Office, NEWARK, N. J.



General Agency  
OPPORTUNITIES  
for good personal  
producers



## EDITORIAL COMMENT

### Speaking a Word of Fellowship

At this CHRISTMAS season when humans strive for a moment to release their feelings for one another from prose into poetry, those in THE NATIONAL UNDERWRITER desire to be face to face with their readers, to speak out from

the ink and type in personal comradeship, as literally as possible to greet all to whom this paper is a weekly incident with the warmth of fellowship, and to voice the hope that these may be days to enrich their spirit.

### No "Bargains" on Life Insurances Shelves

WHAT will be the outcome of the FIDELITY INVESTMENT ASSOCIATION case remains to be seen. The developments will be followed closely by life insurance men. FIDELITY has been a competitor of life insurance agents to a certain extent, but the interest of insurance men in the situation transcends the competitive. They see in it the possibility of dramatic confirmation of the wisdom of the course the life insurance industry has pursued in recent years in cutting its pattern to correspond to economic realities.

If it turns out that the adequacy of FIDELITY's provisions to meet its contract promises has not been lightly questioned by SEC, we hazard the opinion that the heart of the problem will be the interest assumption. FIDELITY's deal embraces an interest yield to the contract holder of about 4 percent. FIDELITY must earn that 4 percent plus substantially more for commissions to persistent salesmen and overhead.

The answer must be that the management has been too greatly impressed with maintenance of sales and by competitive considerations. It is a great tribute to life insurance actuaries and to life company management that what appeared at times to the field as almost brutal action was taken to remove investment "bargains" from the life insurance shelves. Never have the life insurance actuaries minimized

the importance of the interest yield factor. At times they have been accused of exaggerating its importance. So persistent have the actuaries been demanding change at every point where the interest factor impinges that they have had to develop in themselves a high degree of salesmanship to retain any semblance of popularity with the agency department and the agency organization. The cost of insurance has been increased measurably by an accumulation of these changes over the past few years. Life insurance companies no longer offer enticing depositories for "smart" money. That has certainly had an effect upon sales.

But the life insurance companies have proved themselves the worthiest practitioners of trusteeship. They have seen the problem as it existed; they have faced it realistically, indeed almost ruthlessly. They have taken the long view and what they have done should be inspiration to the field to hold its head high. After Jan. 1 when most companies are making still more changes, the agent can boast that he has no "bargain" to offer, except the "bargain" of a contract that will be fulfilled long years ahead, not alone because of the correctness of the mathematical assumptions upon which it is built but because the business has proved that it is administered by men who will do what is necessary to be done to keep the life insurance promise.

### Responsibility of Directors

SINCE the expose of the condition of the well known wholesale drug concern of New York City, McKESSON & ROBBINS, whose stock was actively traded on the exchange and also since the SEC charges against FIDELITY INVESTMENT ASSOCIATION of Wheeling, which has thousands of investors throughout the country making payments on the monthly plan, many people are taking the position that directors of companies of this type should be held more strictly accountable. It would be impossible for a director to approve the financial statement gotten out by an auditor or chief accountant because he has not had the knowledge of the books.

At the same time a director certainly should be keen enough to sense any irregularities or dangerous policy in his corporation.

Many companies feel that it is highly desirable, largely as window dressing, to have as directors men prominent in business, financial or professional life. Many of these seldom attend directors meetings. They lend their names, however, and people realizing the importance of these men rely on the institution largely because of their connection with it. Therefore, the public is misled unless the director gives sufficient time to his corporation to learn something about it

and to ascertain whether its affairs are being orderly conducted and well administered.

It is often found after some wrong doing has been discovered that a company has a battery of directors, prominent and widely known, yet it is a really direct.

question whether many of them have made much effort to fill the office with any degree of personal attention. The presence of famous names may not mean that a company is what it should be. There should always be directors who really direct.

## PERSONAL SIDE OF THE BUSINESS

**Thorpe B. Isaacson**, general agent Lincoln National Life for Utah and Idaho, attended the U. S.-Notre Dame football game in Los Angeles and then took a short vacation trip to California points.

**Col. Joseph Button**, former Virginia commissioner, now manager of the Stock Company Association with Washington headquarters, who was stricken while attending the convention of the National Association of Insurance Commissioners in Des Moines, is now under treatment at Stuart Circle Hospital in Richmond, Va. His condition is reported to be improved.

**John A. Stevenson**, executive vice-president of Penn Mutual, has been elected a trustee of the University of Pennsylvania to fill the unexpired term of Dr. George E. de Schweinitz, who recently died. Mr. Stevenson holds degrees from Ewing College, University of Wisconsin, and University of Illinois, and has long been prominent in the educational as well as business fields. His association with the University of Pennsylvania began in 1932, when he was appointed an associate trustee. In 1937 he was appointed chairman of the insurance division in the Philadelphia committee of the University's bicentennial organization. President T. S. Gates of University of Pennsylvania is a trustee of Penn Mutual.

About 130 members of the head office staff of Canada Life presented a musical revue "Nothing Serious" at a Toronto theater. Director of the production was Horace Middleton, who is in charge of the stock department. This is the seventh annual production by the Canada Life players.

**Dr. Frank Sanderson**, actuary of long standing in Ontario, died in Toronto following a long illness. He had been connected with the Manufacturers' Life and formerly was chief actuary Canada Life, having compiled the "Mortality Experience of the Canada Life" and also other valuation tables for life companies. He also served the Ontario insurance department.

**Edward E. Young**, 79, vice-president and director of the Life & Casualty, died following an operation. He became associated in Life & Casualty in 1925 after being in the newspaper business. Mr. Young's ability as a financier and business man was highly regarded.

**Robert A. Halley**, assistant actuary of National Life & Accident, died recently, while at work. Having entered the service of his company in April, 1906, he held the distinction of having the largest record of continuous service of any National employee aside from the company's founders and executives. When he be-

gan his service, he was the eleventh member of the home office force. Starting first at checking disability claims, he later became manager of the statistical division and then assistant actuary. He was 51 years of age.

**The A. M. Raymond family** of Oak Park, Ill., is now providing man-power in numbers for the Travelers. A. M. Raymond has been Chicago manager of Travelers Fire ever since that company was organized 13 years ago. He has had two sons connected with Travelers and at the first of the year a third son, John W. Raymond, will become connected with the cashiers' department of the St. Louis branch. Until recently he was connected with the Inland Steel Company.

**Richard T. Raymond** has charge of the group service department in Seattle and W. W. Raymond is a contract agent for Travelers in the Oak Park branch. There is a fourth son, Thain Raymond, who has so far resisted the Travelers call.

**H. W. K. Hale**, who recently retired as secretary of the Sun Life of Canada, was presented with an oil painting by the executive officers at an informal gathering. President Arthur B. Wood presided and made the presentation. Elected a Sun Life director in 1911, Mr. Hale was appointed comptroller in 1918 and secretary in 1923.

**Alfred MacArthur**, president of Central Life of Illinois, and his family have gone to California for the holidays. They will be at Death Valley most of the time.

**Isaac Miller Hamilton**, president of Federal Life of Illinois, is leaving soon for a vacation in Miami Beach, Fla.

**Theodore F. Stevens**, assistant superintendent of agencies of Mutual Life of New York, died in New York Hospital after a brief illness. He had been with Mutual Life since 1886, starting as an office boy in the accounting department. He was appointed agency director in 1921 and in 1926 was named assistant superintendent of agencies. He was 65 years old.

**Asa V. Call**, vice-president Pacific Mutual Life, Los Angeles, suffered considerably from the flood which swept Los Tunas beach. His home at the entrance to Penny canyon was damaged by silt and rock, and a hole was torn in the side of the house.

**J. Y. Hamilton**, who has gone to Louisville from Sioux City, Ia., as agency director New York Life, and Mrs. Hamilton were guests of honor at a banquet before their departure. About 60 salesmen attended from Iowa, Nebraska and South Dakota. Ben Sekt was toastmaster.

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## NEWS OF THE COMPANIES

### Hawes Leaves Bangor, Me. to Join Home Office Staff

NEWARK—Edward C. Hawes, general agent at Bangor, Me., for the Mutual Benefit Life since 1931, has resigned to join the home office agency department staff. For 18 months he has been on leave of absence while assisting as



EDWARD C. HAWES

instructor in special training work at the home office and in agencies as far west as Kansas City. He will continue similar duties and will be assigned temporarily to the C. E. De Long agency in New York City.

He was born in Bangor, graduated in 1916 from Bowdoin College, and was engaged in the steel business from graduation until 1925, save for war service, when he became associated with the Mutual Benefit's Chicago agency. In 1931 he went to Bangor as general agent, succeeding his father, Dr. C. T. Hawes, general agent there since 1903. Mr. and Mrs. Hawes will make their new home at East Orange, N. J.

### Dallas Company Pushes A. & H.

DALLAS — Great American Reserve of Dallas, since changing from a mutual to a legal reserve company a year ago, appears to be setting a record in accident and health business. The company, while writing life insurance, is featuring the accident and health lines, and claims its number of applications for that coverage in the past year was second among all companies doing business in Texas.

President Wallace said the 13 leading field men averaged 40 applications each for health and accident lines last month. The company wrote between \$400,000 and \$500,000 life business this year.

The concern was organized as Great American Mutual Accident & Health in 1935 and changed to a legal reserve company a year ago. Its capital is \$25,000 and its surplus about the same amount.

The officers are Travis T. Wallace, president; C. O. Hambleton, secretary-treasurer, and H. T. Hawkins, medical director.

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### U. S. Life New Financing Is Completed. Capital \$500,000

Subscription lists for the new issue of 70,000 additional shares of \$1 par value capital stock offered by United States Life in the city of New York closed with a substantial oversubscription. The entire amount of \$350,000 of new capital was received by the company prior to the close of business Dec. 15, thus increasing the paid-up capital to a total of \$500,000, according to Secretary Paul R. Danner.

### In New Home Office

The Farmers & Bankers Life is open for business in its new home office in Wichita. It is a four story fireproof structure that has been practically rebuilt for their purposes, including installation of the most modern system of heating and air conditioning. Except for the company's attorneys, Jochems, Sargent & Blaes, the Farmers & Bankers will use the entire building for their home office and the home office general agency under Clayton Mammel. The company's radio station KFBI, now located at Abilene, Kan., will be moved to Wichita. A large neon sign has been mounted on the corner of the building. President H. K. Lindsley has attractive private offices.

### Connecticut General Addition

The Connecticut General Life opened a new addition to its home office building, built primarily to provide space for the security vault out of reach of flood waters, but making possible enlarged quarters for the medical, accident and group departments, and a new arrangement of some of the executive offices.

### Mutual Life's 1939 Dividend Distribution 30% Less

Mutual Life has adopted its new dividend scale for 1939. In line with its conservative practice and with a view to maintaining a continuance of its adequate contingency reserves, the company's total amount of dividends to be set aside for payment on all contracts in 1939 is estimated at approximately 30 percent less than that so distributed in 1938.

Since the writing of its first policy in 1843, Mutual Life has paid dividends to policyholders or allotted to them, a total of more than \$950,000,000. The interest rate for dividend deposits and supplementary contracts in 1939 has been set at 3 percent.

The Mutual Life's total initial paid new business for 11 months ending Nov. 30, 1938, was \$216,000,949, comparing with \$238,306,940 for the corresponding period of 1937, a decrease of only 9.4 percent.

### Katz, Mutual Life Veteran, to Retire; Hood Is Successor

Mutual Life of New York has appointed W. K. Hood manager at Portland, Ore. Mr. Hood will succeed Alma D. Katz, who retires under the company's plan.

Mr. Katz has been with Mutual Life 37 years and holds the rank of longest in managerial service. He served at Salt Lake City from 1901 to 1903, when he was made manager at Boise. He became manager at Portland three years later, and has long occupied a position of distinction and leadership.

Mr. Hood joined Mutual Life at Portland in 1924 after an office and sales experience with a wholesale grocery establishment. Following three years in the field as a personal producer, he became agency organizer under Manager Katz. He has qualified regularly for the Mutual Life's Field Club.

Burton K. Snyder, Lakeview, Ore., Oregon Mutual Life agent, has been elected a member of the Oregon legislature.

# Yuletide

### THE DIRECTORS AND OFFICERS

of the

### PAN-AMERICAN LIFE

extend cordial best wishes for

*A Joyous Christmas*

and

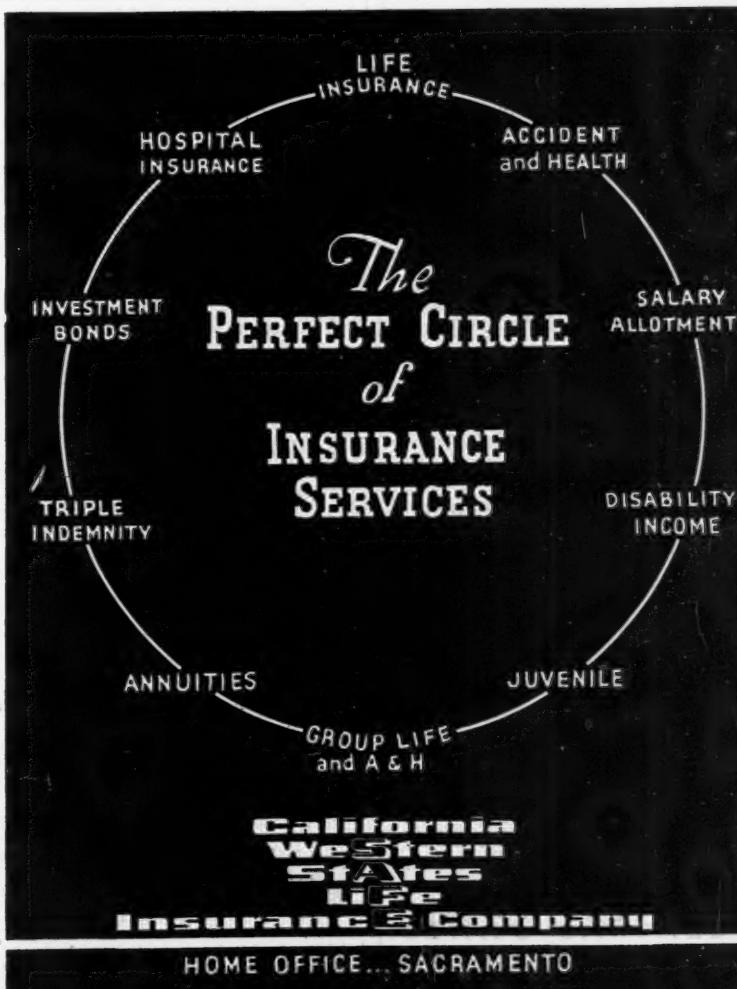
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and Prosperity*

to Life Underwriters everywhere.

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Crawford H. Ellis, President    Edward G. Simmons, Executive Vice-Pres.



## LIFE AGENCY CHANGES

### Stimpson in Charge of Maine Agencies

Don H. Stimpson, formerly agency director at Worcester, Mass., for the New York Life, has been appointed general agent at Portland, by the Mutual Benefit Life, as of Jan. 1. The Portland and Bangor agency territories are being combined into one general agency at Portland to serve as sales and service headquarters for the state, with Mr. Stimpson in charge. The Bangor office is being continued under Mr. Stimpson's direction at 49 Hammond street, with R. T. Adams as district manager and agency supervisor.

Mr. Stimpson succeeds Walter DeC. Moore, who was for more than 31 years a general agent at Portland and has long been a successful personal producer. In 1937 Mr. Moore asked the company to appoint a successor to perform general agency and development work so he could devote his time to service of his large personal clientele. He recently completed special advanced training in the "Analagraph" method of estate planning and conservation, and is to continue with the Mutual Benefit. He has, with his older son, established

the Moore Insurance Agency with offices at 34 Exchange street, Portland.

Mr. Stimpson also succeeds E. C. Hawes, who resigned as general agent at Bangor to join the home office agency department staff.

Mr. Stimpson has had 18 years of successful life insurance sales and agency



DAN H. STIMPSON

management experience. At one time he was agency organizer of the New York Life at Portland, before becoming agency director at Worcester, Mass. He is a native of Maine, born at Patten, and a former school teacher and principal. He has been executive committeeman Central Massachusetts Underwriters Association, and is past president Worcester General Agents & Managers Association. He plans to make his home in Cape Elizabeth, Me.

### Kutcher to Concentrate on Personal Production

G. J. Kutcher, member of Recht & Kutcher, leading general agency of the Northwestern Mutual Life in New York City, has decided to devote his full time to personal production after April 30. He will continue as agent for his partner of many years, Rudolph Recht.

A million dollar producer since 1923, Mr. Kutcher has been considering for some time returning to purely personal production. While writing all types of life insurance, he will specialize in business coverage and estate analysis work.

Rudolph Recht, who has represented the Northwestern Mutual for 39 years, is among its all-time large producers, having served under the late J. I. D. Bristol for 30 years. In 1911 Mr. Kutcher joined him, and in 1926 they formed Recht & Kutcher, which operated under the Bristol agency. Upon Mr. Bristol's retirement in 1931, they were given agency in the metropolitan area where they have made an outstanding record.

### Smith Takes Wyoming for Northwestern National

W. Greg Smith was appointed general agent in Wyoming by the Northwestern National Life, coincident with opening his agency in Cheyenne. This agency, known as the Wyoming agency, has offices in 504 Hynds building.

Mr. Smith takes over territory served for many years by the late C. R. Mason, who died a year ago. Northwestern National has a large number of policyholders in the state and ranks among leading companies operating there in volume in force.

Mr. Smith is a graduate of the University of Wyoming, and for a number of years has been associated with the Equitable Society at Cheyenne in both

personal production and managerial capacities. He is well acquainted with his territory, having lived at Laramie for many years before going to Cheyenne in 1934.

### Middle Atlantic Field Split

The territory of Mutual Benefit Health & Accident and United Benefit Life comprising District of Columbia and northern Virginia has been divided between S. F. Stout, formerly manager of the entire district, and Joseph E. Jones, who has been sub-manager. Mr. Stout is opening new offices at Front Royal for the supervision of northern Virginia while Mr. Jones will handle District of Columbia and two adjoining counties.

### J. J. Crane Joins Walker-Hiner

John J. Crane of Salt Lake City, assistant manager Metropolitan Life, has resigned to become agency supervisor of the Walker-Hiner agency of United Benefit Life and Mutual Benefit Health & Accident covering Utah and Idaho. He has been with Metropolitan Life seven years. The Walker-Hiner agency has just won a wall plaque awarded for beating seven other agencies in life production during manager's contest in October and November with a production of \$446,000, which was the highest percentage over their quota of any agency in the United States.

### Craft Is Reading Manager

Kenneth P. Craft, former assistant manager of life, accident and group in the Travelers branch office at Washington, D. C., has been appointed manager of life, accident and group at Reading, Pa.

### Manager Reed Resigns

E. V. Reed, for four years Union Central manager at Oklahoma City, has resigned to return to personal production. He has been with the Union Central 14 years as agent, unit manager and man-

ager. He has consistently qualified for company conventions, was a charter member of the Half-million Dollar club and renewed his membership with a half-million production three times before entering management work. He was assistant manager at Wichita, Kan., from July, 1930, until Nov., 1934, when he was appointed manager at Oklahoma City.

### H. H. Hoard Business Divided

Business of the H. H. Hoard company, Cleveland, has been divided and L. J. Linn, formerly with Mr. Hoard, now operates his own agency as L. J. Linn & Co., in the Standard building, and the H. H. Hoard Co. has moved to 1431 Standard building and is handling the life and health and accident lines.

### Son Is Named Assistant

W. M. Hammond, general agent Aetna Life in Los Angeles, has appointed his son, T. D. Hammond, assistant general agent. The son has been associated with the agency for six years in the office as an agent. He is a graduate of the manager school of the Sales Research Bureau. Agency's business in the first half of December showed an increase over November, one of the best months in the agency's history.

### Brooks Returns to Sills

H. J. Brooks, who resigned as general agent at Richmond, Va., of the Provident Life & Accident, has rejoined the Neil D. Sills agency, Sun Life of Canada, in that city with which he formerly was connected for eight years.

### Back with Northwestern Mutual

Ralph W. Fischer has rejoined the St. Louis general agency of the Northwestern Mutual Life which was founded in 1905 by his late father, W. J. Fischer. Shortly after W. J. Fischer died in 1924 his sons, Ralph W. and Ira Fischer, left the Northwestern Mutual agency, now



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PRESIDENT

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headed by Clarence H. Poindexter, to become general agents in St. Louis for the Penn Mutual Life. They continued with that company until 1933, when Ralph W. became agency manager for the Bankers Life of Des Moines at Kansas City, Mo., while Ira Fischer took a similar position with that company in St. Louis. Ira Fischer returned to the Northwestern Mutual's agency in St. Louis last spring.

#### Pathfinder in Texas

The Pathfinder Life of Nebraska will begin writing business in Texas immediately. It has been licensed to enter the state and is ready to comply with the investment features of the Robertson law. Charles S. Scruby, Dallas, has been named general agent for the northern part of the state.

**Floyd Stevens**, Jefferson, Ia., who for several years has represented the State Farm companies, has been promoted to special agent with Iowa territory.

Thorpe B. Isaacson, manager Lincoln National Life for the Utah, Idaho-Wyoming division, has appointed **James E. Lowry** as district agent with Salt Lake City headquarters.

#### California Solons Dinner Guests

The government's fight against the depression would have been lost save for the contribution of life insurance.

This is the gist of the address of the Rev. J. R. Kellens, pastor Carthay Circle Christian church and member-elect 1939 California legislature, at the biennial legislative dinner given by life underwriters to southern California members of the legislature chosen at the last election.

Commissioner Goodcell, first speaker, said he found his job fascinating; that he had come in contact among insurance men with the fastest thinking, fastest acting group in his experience. Insurance, he said, is the most potent factor in welfare of the people, and life insurance tops all other forms.

Dr. W. O. Mendenhall dwelt on the idea of security. He pointed out life insurance furnished that security substituting average spread of risks for individual risk.

C. E. Bell, vice-president state association of life underwriters, was toastmaster. Life insurance has no political favors to ask, he said, no political program to put over and no political axes to grind.

#### Myrick Speaks in Hartford

Julian S. Myrick, New York, manager Mutual Benefit and chairman American College of Life Underwriters, and J. M. Holcombe, Jr., manager Sales Research Bureau, Hartford, addressed the Hartford C. L. U. Chapter. The college has put into the hands of the fraternity, Mr. Myrick said, opportunity to make the public understand the institution of life insurance more completely than ever before. Forty years ago all life insurance literature and training was competitive, and not until about 20 years ago did any company begin to publish literature on advantages of life insurance as a whole. Mr. Holcombe, a director of the American College, spoke briefly on the need for a stabilizing influence in life insurance field work. He said the American College is one of the greatest potential stabilizing factors. V. B. Coffin, vice-president and superintendent of agencies Connecticut Mutual; Glenn B. Dorr, general agent Northwestern Mutual, Hartford, and H. W. Anderson, assistant superintendent of agencies Travelers, also were speakers. Alex W. Stoltz, New Haven, was toastmaster.

**Lawrence Willet**, a past president of the Atlanta Life Underwriters Association, was elected president of the Atlanta Y. M. C. A. board of directors.

**Norcliffe S. Meyer**, 47, Aetna Life producer, died at his home in Texarkana, Tex.

## LIFE SALES MEETINGS

### General Agents to Gather in Florida

General agents of the Connecticut Mutual will hold their annual conference in Hollywood Beach hotel, Hollywood-by-the-Sea, Fla., Jan. 16-19. A number of home office executives headed by President James Lee Loomis will attend and be on the program.

C. J. Zimmerman, Chicago, first vice-president National Association of Life Underwriters; Earl F. Colborn, Rochester, and Wallace N. Watson, Boston, arranged the program, Mr. Zimmerman being committee chairman.

The first day J. M. Fraser, New York City, will preside. Speakers and subjects are: P. M. Fraser, executive vice-president, "The Home Office Man"; W. K. Magruder, Baltimore, "The Interview with a Center-of-Influence"; J. G. Hill, Nashville, "The Interview with a Prospective Agent"; H. C. Remien, Grand Rapids, "Methods of Investigating Qualifications of a Prospective Agent," Mr. Hill, "Closing the Interview with a Prospective Agent."

#### Second Day's Program

John A. Ramsay, Newark, will be chairman the second day. On the program, under the theme "Training and Developing Skill," are: G. A. Helland, San Antonio, "Preliminary Training of a New Agent"; Phinehas Prouty, Jr., Los Angeles, and a group of general agents, in "A Clinical Method of Training the Older Agent"—Part I, "Programming;" Part II, "Advanced Underwriting"; W. W. Benton, Portland, Me., "Field Coaching."

#### President's Dinner Second Night

The president's dinner will be held the second night. Supervision and stimulation is the topic the third day, the chairman to be selected later. Speakers and subjects are: Mr. Ramsay, "Personal Conference with the Agent at the Year's End"; E. H. Dieckhoff, Denver, "First Checkup with the Agent"; Mr. Zimmerman, D. C. Little, Richmond, and Louis J. Fohr, Chicago, "An Agency Meeting." An initiation ceremony for newer general agents will be conducted that night.

The final day's program a "Home Office Session," chairman not yet named, is: R. W. Simpkin, assistant superintendent of agencies, "Financial Management of Agencies"; V. B. Coffin, second vice-president, subject not announced. President Loomis will sum up and give an inspirational talk.

### Eastern Agencies to Meet Jan. 3-4

Emphasizing practical prospecting and sales ideas, proved modern methods for attaining sales objectives will be related and demonstrated at the annual regional meeting of the Northwestern Mutual Life agencies in New England, middle and south Atlantic states Jan. 3-4 in New York City. Leading producers and

home office officials will participate. Glenn Dorr, Hartford, is chairman of the program committee which has taken as slogan "Setting the Course for 1939." Rudolph Recht, New York City, is arrangements chairman.

President M. J. Cleary will speak at the opening session on "We Look Ahead." Grant L. Hill, director of agencies, will speak at luncheon conference concluding the meeting. Edmund Fitzgerald, vice-president, will be toastmaster at banquet Tuesday evening at which Benjamin Poss, a trustee and prominent Milwaukee attorney, will speak.

A. J. Johannsen, general agent Brook-

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lyn, will speak on "Our Foundation" at the opening session, with Glenn Dorr as chairman. Following a friendship luncheon for new agents and production leaders, Adon Smith, Charlotte, N. C., chairman, the afternoon will be devoted to prospecting. R. U. Redpath, New York special agent, will talk on "Methods and Ideas That Have Worked for Me"; L. J. Evans, assistant director of agencies, on a "Survey of prospecting ideas used successfully during 1938 by Northwestern Mutual agents"; demonstrations on selling a young single man by Royall Brown, Winston-Salem, N. C., and Francis Cooper, Greensboro, N. C.; minimum income presentation by Charles Smith, Brooklyn, and the "S. R. E." presentation by Stanley Trotman, New Haven, and Wilbur Pratt, Hartford. Russell Law, general agent at Baltimore, will give the summary.

Both the district agent and C. L. U. associations will hold breakfast sessions Wednesday. T. W. McClure, Pittsburgh, will preside at the regular session and W. Everett Rowley, general agent at Newark, at the luncheon conference.

#### Novel Playlets Scheduled

An address, "The Heart of Selling," by Paul Speicher, Research & Review; a surprise feature "Information Please," modeled after the well known radio hour and conducted by Roger Clark, Pittsburgh, general agent, and presentation by members of the Roger L. Baldwin agency, Washington, D. C., of a playlet, "Court House Dollars," written by Laflin Jones, home office agency department staff, are features.

Attendance of 1,000 is anticipated.

#### Michigan Agents Hold Rally

DETROIT—The Ohio State Life is credited with having a large proportion of \$100,000 and better producers in its field force, President Claris Adams stated at a Christmas party for Michigan producers. The agents also are reported to receive a large percentage of renewal commissions.

The company's success has been built on the success of the individual producers, he said. H. E. VandeWalker, state manager, was host. C. R. Weeks, Port Huron, manager, was toastmaster, introducing Frank Barnes, vice-president in charge of agencies; Dr. C. E. Schilling, vice-president and medical director; Stanton Prentiss, director and member executive committee; Mr. VandeWalker, E. H. Marshall, Michigan supervisor; M. C. Gardner, city agency manager; F. J. Davidson, Ann Arbor manager; C. R. Suffron, Suffron agency, and William Tiplady, Ann Arbor. The Christmas tree was decorated with 187 cards, each for an application secured in the Christmas contest, totaling \$247,284. Prizes were distributed by President Adams.

#### Alliance Life Florida Outing Plans

About 60 qualifiers are expected to attend the Florida outing of Alliance Life at Naples-on-the-Gulf, Fla., Jan. 8-14. The period for qualification for this outing was extended to 18 months, from the annual basis that formerly prevailed. The head office will be represented by M. A. Kern, president; L. D. Kern, secretary; A. J. Schmidt, executive vice-president; B. T. Kamins, agency director; E. G. Atkinson, agency secretary; E. A. Huff, field supervisor, and R. E. Button, reinsurance secretary.

One day will be devoted to a general business meeting and there will be an evening meeting of the Presidents Club of which Frank L. Noel is the head. The rest of the time will be devoted to sight seeing and other forms of recreation and sports.

#### State Farm Agents Meet

Virginia agents of the State Farm companies held their annual meeting in Richmond for two days with approximately 150 attending. Principal speakers were R. P. Mecherle, president State Farm Mutual Auto, Bloomington, Ill., and A. W. Tompkins, agency vice-pres-



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ident. Reports showed Virginia stood second in the campaign for a million or more policies by 1944 among the states in which the companies are entered. H. E. Baumberger, state director, was commended for his efforts. Speakers at the annual banquet included Commissioner Bowles of Virginia and G. E. Allen, Richmond attorney.

#### Rogers Agency Ends Drive

In a special effort Nov. 1-Dec. 13, the Indianapolis agency Equitable Society Homer L. Rogers, manager, wrote 968 applications for \$3,811,860 life insurance. Leading producer was Maurice Sigo, Remington, Ind., a town of 800 population, with 33 applications for \$158,930 in the six weeks. Melvin Precht, Columbus, Ind., under contract for only seven

months, wrote 19 apps for \$38,175. The drive ended with a Christmas party. V. S. Welsh, Chicago, second vice-president in charge of the western division, was present.

#### Stahl Has Christmas Party

Fifty representatives of the Brace M. Stahl agency at Madison, Wis., and their wives attended a luncheon and Christmas party at which guests included E. P. Oertel of the home office and C. C. Raisbeck, general agent at Wausau, Wis.

#### Many Qualify for Convention

Approximately 40 Minnesota Mutual agents have qualified for the convention trip to Mexico at the end of January.

Donald Hampton, general agent Provident Mutual Life.

#### Ledgerwood New President

St. Paul officers elected at the annual meeting of the St. Paul Managers & General Agents Club are: President, C. W. Ledgerwood, New York Life; first vice-president, O. G. Holmer, State Mutual; second vice-president, H. B. Victor, Minnesota Mutual; secretary-treas-

urer, H. W. Moore, Mutual of New York. S. D. Krueger, who recently retired as St. Paul manager Equitable Society, was unanimously elected honorary life member of the St. Paul Managers & General Agents Club. There were Christmas festivities and a dinner-dance.

#### Bailey Speaks in Boston

BOSTON—Dr. William B. Bailey, economist of the Travelers, spoke at a

## AS SEEN FROM CHICAGO

#### SUPERVISORS FETE BOSSES

A skit portraying a busy day in the life of a general agent featured the annual party of the Life Agency Supervisors Club of Chicago for general agents. The skit shows General Agent Doolittle hiring a new district supervisor after receiving a high pressure letter from the agency vice-president demanding more business. The cast included Roland D. Hinkle, Equitable Society; Robert H. Wienecke, Union Central Life; Harry G. Walter, Penn Mutual; Robert C. Carlson, Jr., Rockwood Company; Elmer J. Grandson, Union Central, and William Siegmund, Connecticut Mutual. Don K. Alford, Prudential, supervised the production.

Mr. Wienecke, the retiring president, presided and introduced the new president, Mr. Grandson. C. B. Stumes, Penn Mutual Life, president of the Chicago Association of Life Underwriters, and W. M. Houze, John Hancock Mutual, spoke for the general agents. Roy T. Elmer, New York Life, was introduced as new vice-president of the supervisors and C. E. Clinton, Aetna Life, as secretary-treasurer.

\* \* \*

#### MacARTHUR BUYS FIRE INSURER

Alfred MacArthur, president of Central Life of Illinois, has purchased the charter of Traders Mutual Fire of Illinois. This is a company that has been inactive for a good many years. The charter has changed hands several times. Mr. MacArthur states that he is not yet ready to announce his plans in the fire insurance field.

\* \* \*

#### HINTZPETER AGENCY CONVENTION

The Hintz peter agency of the Mutual Life of New York in Chicago held annual one-day convention of its field club, winding up at a banquet.

H. C. Hintz peter, veteran manager, who has been ill but has recuperated so that he is able to get down to the office for short periods, attended the convention. The agency had a splendid

year's business, registering an increase over 1937 in spite of suffering from the nation wide slump earlier in the year. November and December production was at least 20 percent ahead of the same period last year. In Mr. Hintz peter's absence his two sons, E. C. and E. D., his assistants, carried on direction of the office and the special drive in tribute to Mr. Hintz peter.

E. H. Steffelin, agency organizer, presided at the morning business session, Manager Hintz peter talking on "Our 95 Years," and E. C. Hintz peter on motivation. Eugene Mullaney was afternoon chairman, there being talks by staff members on time control, pre-paid sales, trusteeship. E. A. Hartman is president of the Hintz peter Field Club, Nathan H. Weiss, H. R. Schultz and William Plant, vice-presidents, and E. E. Erhardt secretary-treasurer.

\* \* \*

#### GOLDMAN AGENCY'S BIG MONTH

The A. Van Goldman ordinary agency of the Prudential at Chicago in a special effort in November wrote 492 applications for \$3,366,900 insurance.

\* \* \*

#### FRANK POST IS HOSPITALIZED

Frank Post, news editor of THE NATIONAL UNDERWRITER in charge of the copy desk and editor of the "Accident & Health Review," is in Passavant hospital, Chicago, where he must undergo an abdominal operation this week. Mr. Post suffered an attack two weeks ago. A preliminary operation was performed and since that time his physicians have been getting him in shape for the second one.

## MANAGERS

#### Agents' Selling Job Is Main Source of Public Trust

The American public's great respect for life insurance rests largely on what agents have translated to them about the business, said H. J. Johnson, Pittsburgh, president National Association of Life Underwriters and general agent Penn Mutual, before the Cleveland General Agents & Managers Association, this week. Companies' size scarcely can be the reason for this faith, he said, for most people do not comprehend figures so enormous. Official integrity, the "trustee-attitude" of companies, in part explains the confidence.

#### Discuss Course for 1939

Concerned over outlook for the life insurance business in 1939 following stimulated campaigns conducted in November and December prior to increased rates and modified coverages, members of San Francisco General Agents & Managers Association met to consider the question. Brief talks were made by R. J. Shipley, general agent Northwestern Mutual Life, A. J. Hill, California manager State Life of Indiana, and

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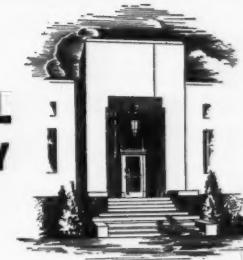
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joint luncheon of the Boston General Agents & Life Managers Association and the Boston Life Supervisors Club. Mr. Bailey reviewed "Current trends in business and their effects on life insurance company trends."

#### Hobbs to Speak in Pittsburgh

PITTSBURGH — Philip B. Hobbs, agency manager Equitable Society at Chicago and chairman general agents and managers division, National Association of Life Underwriters, will speak on "General Agents' Major Problems" at luncheon meeting of the agencies committee of the Pittsburgh association Jan. 11.

#### Hold Seminar in Des Moines

DES MOINES — A one-day seminar for company executives, agency managers and supervisors was held here. W. E. Lewis, president general agents and managers club, aided Dr. Verne Steward in conducting the meeting.



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## FRATERNALS

### Societies' Status on Social Security

Societies have been much confused by federal and state social security legislation because the status of their workers was less clear than in the case of commercial life companies. There is outstandingly the case of local lodge officials who may be on purely nominal salary and devoting most of their time to some other work, yet who by strict construction might seem to be employees and therefore taxable. Practices of societies vary widely.

The subcommittee on legal cooperation of the National Fraternal Congress reported at the executive committee meeting in Des Moines during the commissioners' convention, presenting a number of conclusions on this question.

To make the status of fraternal workers clear, it seems necessary to secure amendment to both state and federal acts specifically exempting the fraternal worker. But in view of the general public in the main having accepted social security legislation, opposition to amendment exempting some class is expected. Therefore, if the fraternals should feel amendment is desirable, there should be concerted cooperative effort by a great majority of member societies of the N.F.C. Otherwise this might be defeated. In view of the tendency to enlarge rather than restrict scope of the social security act, the committee expressed opinion the time was inauspicious to seek blanket exemption of fraternals.

The committee said specific exemption in both federal and state acts must be secured, else it would be of no avail. The federal act provides if a tax is paid to the individual state, a credit can be taken against the federal tax, but state exemptions alone would not suffice as the federal act requires that nevertheless the tax would have to be paid to the federal government.

The main consideration in determining whether the worker is an employee or independent contractor is right of control by employer. Field representatives on salary basis and usually state managers if operating on a salary basis, their secretaries and other office employees, may be considered employees. The usual field worker operating under commission contract with no salary and others over whom the society exercises no control, either by contract provision or practice, it was said, generally have been held to be independent contractors.

The committee recommended clarification of the relationship between society and field worker by drafting a new form of contract, instruction and modes of regulation, as many commercial life companies have done, so as to exhibit a lack of the tests which signify em-

ployer-employee relationship. Connecticut, Washington, Idaho and New Jersey have exempted fraternal societies from operation of the state acts.

While the department of internal revenue ruled that local lodge officers, including local lodge collectors if paid by the local lodge from its own funds, are employees of local lodges, and fraternal societies are not responsible for making returns on them or paying tax on their common basis, the committee pointed out their status could be made clearer by limiting the number of local lodge officers to a maximum of seven. This would relieve them from necessity of making reports under the unemployment compensation act, but still would not help under the old age pension provision.

The committee suggested societies which have not done so apply for rulings in connection with their field force. Where status of field workers is questionable, the society should revise facts to clarify relationship between society and field workers, then apply for ruling.

The committee consists of E. J. Jeffries, Jr., Maccabees; A. W. Fulton, Security Benefit, and Fred A. Service, Royal League.

### Plan for Huge Attendance at Detroit N F. C. Rally

DETROIT—A plan to bring insurance field workers representing fraternals to Detroit for the National Fraternal Congress next August as a reward for extra production was presented before the general convention committee here by R. E. Morris, actuarial department Maccabees. He suggested fraternals adopt the method used by many legal reserve life companies for their sales conventions.

The National Fraternal Congress it is believed will bring more than 25,000 delegates to the city. C. L. Biggs, Maccabees, N. F. C. president, plans a program of demonstrations, drills and other features that is expected to draw fraternalists from far and wide.

## NEW YORK

### FREID AGENCY TO MOVE

The Isadore Freid agency of New England Mutual Life in New York City will in January move from 60 East 42nd street to larger quarters in the National City building, 17 East 42nd street. Increased business has made the change necessary.

### SUGGESTS PROSPECTIVE DRIVE

Because agents have been combing their prospect files in a concentrated effort to sell policies before the contract changes go into effect the first of the year, Superintendent of Agencies H. G. Kenagy has suggested to Mutual Benefit Life general agents that they devote the week between Christmas and New Years to a campaign to insure that each agent has a list of at least 75 prospects whom he has never called on before. Mr. Kenagy feels that if each agent has 75 fresh prospects on whom to work after the year begins he will have pretty well solved the problem of having enough people to see.

### CHANNING DAVIS' RECORD

Channing Davis finished his first year as manager of the Canada Life in New York City by piloting his agency to first honors among all the company's United States agencies in the recent eight week "grand challenge" contest in honor of President A. N. Mitchell. The agency exceeded its quota by 66 percent, the only offices to better this percentage being two agencies located in Canada. The contest was based on quotas which were assigned on the basis of past production and buying power in the cities where the agencies are located.

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## Decides to Coast



ERNEST W. OWEN

Ernest W. Owen, who is retiring as Detroit manager of Sun Life of Canada on Jan. 19, is one of the most widely known agency heads in the country. He has been active in the affairs of the National Association of Insurance Agents. He served two terms as secretary and several terms as trustee. At the meetings of the National Council Mr. Owen always enlivened the proceedings by giving an account, as chairman of the International Council, of his efforts to organize life underwriters associations in Afghanistan, Egypt, Chile, Moscow, Labrador and other foreign points. He is known to hundreds as a cordial, hearty friend.

were among the top dozen men in the entire contest. F. E. Gendron was international top man; A. M. Ringel was third and H. F. Underwood was eleventh.

### OTT CHRISTMAS PARTY

The A. V. Ott agency of Equitable Society in New York City held its Christmas party with wives and children of those connected with the agency included. Singing of Christmas songs was a feature.

The group was entertained by the children who participated in dances, songs and stories. Santa Claus visited the party and distributed presents from a beautifully decorated Christmas tree.

### LARGE INCREASE IN N. Y.

Sales of ordinary life for November in New York City as estimated by the Sales Research Bureau and released by the New York City Life Underwriters Association showed a large increase over a year ago, reversing the downward trend that has prevailed for some time: November, 1938, \$61,979,000; November, 1937, \$49,989,000.

### McBride Agency Listing Corrected

In the Underwriters' Hand-Book of Missouri for 1938, recently published, an unfortunate error appears in the listing of W. I. McBride of Columbia, Mo. The W. I. McBride agency is incorrectly listed as district managers for Equitable Life of New York whereas it is district managers of Equitable Life of Iowa.

### THE WOMAN'S BENEFIT ASSOCIATION

Founded 1892  
A Legal Reserve Fraternal Benefit Society  
Bina West Miller Supreme President  
Frances D. Partridge Supreme Secretary  
Port Huron, Michigan

# Sales Ideas and Suggestions

## General Agent Tells 12 Rules for Success in Selling

PITTSBURG—Twelve points for a prospective or new agent to consider in determining his chances of success were outlined by S. M. Thompson, general agent Lincoln National, speaking at a meeting of the Butler branch Pittsburgh Life Underwriters Association.

He outlined these as:

"First: Do you like the life insurance business? Are you confident that it is safe; that it provides you with a feeling of security for yourself and for your friends and policyholders; that you have a mission to perform in life? Be sincere."

### Needs to Be Gregarious

"Second: Do you like people? The answer determines whether you will seek their company. How are you going to get policyholders if you want to be alone, like the famous Garbo? A system showing when you actually contacted your friends and acquaintances will not only mean more business but will usually show you a poor picture of 'keeping in touch.' Be sociable."

"Third: Do you have a planned sales talk? Perhaps you don't believe in organizing your sales ideas. Proof that it pays is shown by all successful underwriters, not the agent for a year but the man who is making life insurance a life work. Organize your presentations.

### Knowledge of Business

"Fourth: Do you know the questions and answers about your business? Do you stumble when a prospect has an idea of his own? Prospects also think. One of our salesmen recently made a cold-canvass call on the president of a great company. The president said, 'I am absolutely not interested and besides, I am far too busy to talk to a life insurance agent anyway.' Our agent replied, 'May I ask just one question? Would you give me the same answer if your doctor had just told you that you had only 24 hours more to live?' The prospect said, 'That is interesting. Come around and see me next week, say Thursday, at 10.' Be prepared.

"Fifth: Do you have a schedule or do you just wander, hoping that something will happen, hoping that the Lord will not permit one of His lambs to get lost? Many a full-grown sheep has fallen into the spring. Can you discipline yourself? Do you have a regular time to arise, to retire, to start work? Do you know the shortest number of miles in which you can see a definite number of prospects and prospects? Do you plan your work? Be alive.

### Good Physical Appearance

"Sixth: Do you keep well-groomed and physically fit? Spend an hour a day on your appearance. No one wants to spend time with an agent who wears either a dirty or a loud tie. People like to deal with success. No one wishes to waste time with a chronic complainer. Perhaps a cooperative wife will see that you have the right breakfast.

"Seventh: Are you a good prospector? Be a creator as well as an observer. One day a week could well be spent in watching for new prospects and in studying new plans. One of my insurance friends is always 'out of prospects' another said he could go 10 years without getting any new prospects. Who is buying insurance today?

"Eighth: Are you able to finance yourself? In spite of the old adage that 'Money is the root of all evil,' its proper management may prove your success or

your failure. A simple accounting system is necessary even though it may be only 'put and take.' William Duff, an excellent example of money management, says, 'Don't ask your money where it went; tell it where to go.'

"Ninth: Do you keep well-informed? An hour a day of study will cause a doctor, a lawyer, an executive or an underwriter to grow in mind and in ability. Do you read and study at random?

"Tenth: Do you keep records without too much detail? It pays. The leaders know the value of calls, interviews and policyholders' records. I have devised a green reminder sheet that helps me and our agents to keep on the job more effectively. Have a system.

"Eleventh: Do you watch public re-

lations? Success depends much on your contacts and friendly relations with the public. Advertise a little. Speak occasionally. Do something to help make your community better. Keep in touch.

"Twelfth: Do you keep a prescription for a successful underwriter? Our prescription is take 25 percent knowledge; 25 percent energy and mix well with 50 percent horse sense and you will have a good underwriter. Have a goal.

"Success often hinges on the ability to grasp an opportunity. Sentiment also plays a part in our success. A well known picture 'Insurance Men Annoyed Her Father' is a good example. Often a human interest story from a newspaper will be of great assistance. To the radio fan who remembers Roxy and his theater in New York, this statement may prove effective, 'Everybody knew Roxy (Samuel L. Rothafel). Did you notice that newspaper item about Roxy's estate? He left a net estate of \$215,560. The assets included life insurance totaling \$215,537. In other words, his estate outside of life insurance was \$23.'

## Playing Averages Way to Successful Production

Play the averages and make them work for you if you want more dollars, was the advice given members of the St. Louis Life Underwriters Association by Max Derryberry, St. Joseph, Mo., agency director New York Life, at a luncheon meeting. He has a fine personal production record, making the \$200,000 club in his first year when he started in 1921, and later qualifying for the Top Club. He was instructor of agents in the Denver branch, then agency director Pueblo, Colo., branch.

Mr. Derryberry said chain stores play averages and do not guess; likewise successful gamblers in all lines. He said \$200,000 yearly production will bring the life agent \$5,000 annual income. He noted the number of persons an agent must see to write given quotas of different types of policies. If an agent will work hard enough to expose himself to a sufficient number of persons in the various groups, he is sure to get the desired results.

### Gives Work Schedule

If an agent will properly interview eight selected persons he is sure to sell one \$10,000 or better policy. Seven interviews properly made should net a policy from \$5,000 to \$10,000. To sell policies in the scale from \$3,000 to \$5,000, experience showed, the ratio was one sale in six interviews, while for "mine run" business—policies of from \$1,000 to \$2,500—one sale results in each five interviews. To produce \$200,000 an agent working averages would write three \$10,000 cases annually, six in the \$5,000 group, 12 for \$3,000 each, and 95 of the mine run type, and would interview 633 persons in a year, or two each working day.

A work sheet for time control is essential, he said. Another important factor is enlistment of the wife's aid. Mrs. Derryberry, he said, checks him from day to day on number of interviews and types of prospects he calls on. He put this plan in effect in 1922.

### Urge Sticking to Plan

"If you start an organized plan of selling have the courage to keep at it," he said. "You must have some selling plan if you hope to get anywhere in this business."

He then outlined the success of some of his own agents who have tried this system of time control. One agent made 42 interviews in a month and wrote 16 applicants for \$59,000; another 41 interviews and 11 sales for \$41,000; a third, in Lebanon, Kan., 62 prospects and made 18 sales for \$39,000.

that individual which gives rise to a measure of the excess earning capacity. It may be that upon termination of the services of that individual the excess earnings will cease, or greatly diminish. The presence of such a condition would tend to nullify the existence of transferable good will. Such good will is not within the control of the business and cannot be transferred and it is obvious that such good will is not to be considered beyond the term of life or continued association of the individual whose genius or ability provides the excess earning capacity."

There could not be a better statement of the need for key man business insurance than that just quoted.

On the whole, the address was exceedingly enlightening in making clear to the life insurance men that any attempt on their part to assume duties and responsibilities of the expert accountant would be not only futile but dangerous to the interests of their clients.

## Valuation of Business and Good Will for Taxation

The valuation of business interests and goodwill for federal estate and inheritance tax purposes was discussed at a meeting of the Life Insurance & Trust Council of Boston by George T. Finnegan, lawyer and public accountant.

If Mr. Finnegan's audience got nothing else out of his address, they certainly obtained an appreciation of some of the rather complicated processes necessary in determining the fair market valuation of a business interest. It was emphasized that methods of valuation are seldom controlled by any artificial rules but must be determined instead by a study of all the factors. The weight of these factors will in every case depend largely upon the training and intelligence of the expert who has the matter in hand, although there are certain evidences of value which are exceedingly pertinent: Such, for instance, as recent sales at arm's length of all or part of a business; market quotations of stock of a close corporation; bona fide offers to buy, etc.

### Methods of Valuation

One of the most interesting portions of the address was his description of the methods of valuation applied to the various assets and liabilities of a business—such assets as cash and accounts receivable, inventories, current marketable securities, land, buildings, machinery, and equipment, and it was emphasized particularly that the valuation of such assets must be their value to a going concern. These, and not liquidating values should be chosen.

The appraisal of liabilities was described and preferred methods of valuation indicated. Following this, Mr. Finnegan turned his attention to the

valuation of good will, which represents excess earning power of the business producing a rate of return above the average on the amount of the net assets involved. He defined good will as "the advantage in custom which the business has acquired beyond the mere value of what it has to sell."

### Sources of Good Will

Such good-will may arise from several sources, such as preferred customers, the superlative properties of a product, especially successful advertising, a long period of successful business dealings, established reputation of an individual firm or corporation for honest, efficient and courteous service. It may arise also from patents, leaseholds, or contracts.

In the valuation of the good-will factor, the point was again made that no general rule could be followed in every case. The problem required a consideration of many items, such as capital, employment, earnings, history of the business, the character of the management, the immediate future possibilities of the business, and "any other factors into which the average purchaser may be presumed to inquire."

### Influence of Special Person

Of special interest to life insurance men was Mr. Finnegan's remark that "good-will is the least stable of any asset. It is influenced by changes sometimes hard to foresee, such as changes in trading locations, in styles, in management, or in the form of a product."

"It may be that a business has excess earnings because of a good-will that attaches to the ability or presence of some individual engaged in that business, which good will may be of a transferable nature. It may be the genius of

## FACT FILE INFORMATION

### Rejection of Applications

On business of average size the rejection rate varies from 5 to 10 percent. On larger policies up to \$500,000 the rejection rate is 25 percent, over \$500,000 about 40 percent.

Source: J. M. Laird, Connecticut General—N. U. 10-7-38.

Clip and paste on 3x5 file card for future reference.

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## NEWS OF LIFE ASSOCIATIONS

### Survey Plans for National Convention

ST. LOUIS — With view of gauging properly the scope of its activities in connection with the next annual meeting of the National Association of Life Underwriters, the golden anniversary committee recently mailed to all life underwriters in St. Louis a questionnaire asking them to designate their choice of activities for the 50th annual meeting of the national body to be held here the week of Sept. 24.

To stage this affair properly, and with due credit to the St. Louis association and the city itself, is a gigantic undertaking and requires various activities all properly tied in to make a well balanced program.

The questionnaire also outlined various committees that will function and the duties of each, and the agents were asked to number in the order of their preference the committees on which they are willing to serve.

Early replies to questionnaires were urged so that the work of the committee can get under way as early as feasible.

**San Francisco**—Leonard M. White, chairman of the Quarter Million Round Table, is stimulating interest in the organization. The revised membership qualifications are \$250,000 minimum paid personal production; \$6,000 premiums and a minimum of 20 lives unless less number is approved.

At a special women's meeting Mrs. Katherine H. Pickett, Provident Mutual Life, told of her experiences in the field.

Plans to step up the tempo of the San Francisco association during the coming year, particularly in developing public relations as a movement to stimulate business production, were discussed at a meeting of directors. President V. T. Motschenbacher, manager for the Sun Life, outlined some of his plans and ideas to bring about the desired results. Discussion was also had as to the best membership campaign method, which would also stimulate greater interest in life insurance among the public.

The January meeting will be along the lines of the caravan programs with several speakers.

**Chicago**—The next business-getter sales clinic will be held Feb. 15. F. J. Budinger, Franklin Life; E. S. Hewitt, Zimmerman agency Connecticut Mutual; and H. N. Walter, Stumes & Loeb agency Penn Mutual, will give a skit showing actual working methods of average agents who are consistently increasing their incomes. The committee in charge of D. M. Phipps, Northwestern Mutual, will meet Dec. 28 to select participants in the clinic demonstration. Agency heads have been requested to send names of agents who have made steady advancement.

**Bloomington, Ill.**—An open dinner meeting of the Bloomington-Normal association was held at which were representatives of many civic and business groups. Dr. D. M. Marvin, visiting professor of economics University of Illinois, economist Royal Bank of Canada, discussed methods of stimulating foreign trade and remedying the international economic situation. A. C. Brunk, association president, noted 1939 is the 20th anniversary of the association, which has 84 members representing 22 companies. It is estimated the members place about 85 percent of life insurance written in Bloomington, he said. Mr. Brunk gave figures on contribution of life insurance to the community. He estimated it paid about \$2,000,000 annually in benefits to the people there, that there was approximately \$16,000,000 assets behind the locally owned insurance withdrawable by owners in cash on demand, about \$100,000,000 life insurance and annuities in force there and approximately \$6,000,000 new business was written there annually.

**New York**—Thousands of baseball players can bat between .200 and .300 but the big money goes to those with the skill to bat over .300, said H. G. Kenagy, superintendent of agencies, Mutual Benefit Life, in emphasizing the importance

of skill in a lecture in the association's course. He stressed need of constant rehearsal, not only in developing skill but in maintaining it at a high level. He cited a number of examples from fields other than life insurance, as well as within the business, to show the vital necessity of skill and technique in gaining distinction.

**Denver**—"Social Security and Life Insurance" was discussed by U. S. Senator E. C. Johnson at the monthly dinner meeting. He took an optimistic view of the life insurance business, declaring that while social security is a necessity for the lower third of the population, it does not conflict with life insurance; everybody knows life insurance is superior and fills a great need in American life. He expressed belief minor difficulties in connection with social security soon will be ironed out.

**Pittsburg, Kan.**—Frank J. Mercer of Salina, secretary Kansas state association, gave the address. Three new members were admitted. An attendance committee was appointed with E. M. Resler, Columbian National, chairman.

**Cincinnati**—Approaching a prospect for life insurance was compared to running for a street car and boarding it by Paul Speicher, Research & Review, Indianapolis, in an address "Pre-Approach and Approach."

President G. J. Woodward, Equitable Society, presided; J. S. Drewry, Mutual Benefit, introducing the speaker. Mr. Woodward announced that Louis Behr, Equitable Society, Chicago, will speak on "The Presentation" Jan. 19.

**Greenville, S. C.**—W. Lester Brooks, Charlotte manager of Jefferson Standard, spoke on "What It Takes to Make a Man Click." He was introduced by Russell Langley, state manager Jefferson Standard.

**Toronto**—George E. Farrer, Canada Life, was elected president at the annual meeting; S. M. Wickens, Sun Life, first vice-president; C. F. Plewman, North American, second vice-president. Frank A. Buck, retiring president, becomes honorary president.

**Salt Lake City**—Virgil H. Smith, secretary Beneficial Life, gave a talk "Turning Down the Good Risk and Passing the Poor Risk." Ralph M. Kahn, Union Central Life, presided. Musical numbers were given by a Beneficial Life quartette. The legislative committee had a meeting to discuss proposed legislation.

**Richmond, Va.**—Bert C. Nelson, Milwaukee, a leading producer of the Northwestern Mutual Life and author of the life insurance book, "Sign Here," will speak at the luncheon-meeting on "Prospecting That Brings More and Better Sales."

**Rhode Island**—Commissioner Cummings discussed the activities of the insurance department at a meeting in Providence. Every Rhode Island company had been examined during his administration, he stated, and legislation sponsored to permit revocation of licenses of companies

considered in unsound condition, without waiting for technical insolvency. The division has undertaken closer supervision of agents and brokers.

**St. Paul**—Herman Rampmeier of the Travelers reported on the Houston convention of the National association.

**Cleveland**—"Life Underwriters Night" will be held Feb. 15 in Cleveland arena, where a hockey game will be played. Following this the life men will take the rink for a game of broom hockey, with a general agents' team, playing agents. C. F. Lutz is chairman of arrangements.

**St. Louis**—Directors arranged for a series of monthly conferences with the advisory council to make the association of more interest and value to members. The council serves as liaison agent, thus the board hopes to learn what members need or want from the association. The joint meetings, it is felt, may result in greater accomplishments. The next board meeting will be Jan. 4.

**Minneapolis**—A campaign is being launched to familiarize students and their parents with the part life insurance plays as an economic factor in the American way of living. Coincidentally the program is expected to suggest the possibilities of life insurance as a career for those who can qualify. Ellis J. Sherman, Penn Mutual Life, and Roger Wheeler, Bankers Life of Iowa, head the committee in charge. Speakers will talk before various scholastic groups.

**Pittsburgh**—Denis B. Maduro, counsel for the New York association, will speak at the Jan. 6 meeting.

**Portland, Ore.**—"Life Lite" is the title of the new official publication. John Standish is editor.

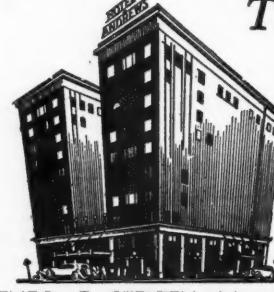
**Buffalo**—Stanley E. Martin, general agent in Columbus, O., for the State Mutual Life, discussed "Selling with Facts."

**Grand Rapids**—Eighty agents registered for the 15-week's training courses. At the first session, L. D. Smith, insurance attorney, discussed legal aspects of policy provisions and all appended clauses and altered terms to buyers. A public speaking class brought out 23 agents, E. W. Dunn being instructor. A. B. Millard, association president, is chairman of the speaking class. R. O. Young presided at a round table discussion of insurance problems in the insurance course.

**Oakland-East Bay, Cal.**—Dr. Laurence L. Cross, pastor Northbreath Community church, Berkeley, Cal., nationally known radio figure, was principal speaker at a Christmas luncheon. Ladies were invited to attend. Gerald Whitaker, Oakland manager Travelers, association president, presided.

**Kankakee, Ill.**—A. E. McKeough, past president of the Chicago association and present chairman of the membership committee of the Illinois state association, spoke here. His topic was "Association Work." Mr. McKeough is general agent for the Ohio National Life in Chicago.

**Idaho Falls, Idn.**—Lester Greenwood spoke on "Term Insurance Versus Level premium." A luncheon will be held on Dec. 17.



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# RECENT COURT DECISIONS

## Two Decisions Over Old Policies of Inter-Southern

In Kentucky Home Life vs. Marks, the Kentucky court of appeals gave a decision in favor of the beneficiary in connection with an old Inter-Southern Life policy.

The premium due July 11, 1932, was not paid and the assured died March 13, 1933. On April 8, 1932, the Kentucky department brought an action for receivership for Inter-Southern Life. Receivers were appointed and on Aug. 8, 1932, the court approved an agreement whereunder Kentucky Home Life took over Inter-Southern Life assets.

If the policy in question was in force as extended insurance on Aug. 8, 1932, —the date the receiver was appointed—then Kentucky Home Life is liable. The court found that this was the case. Not only does the policy specify that the extended insurance shall begin as of the due date of the premium defaulted, but that is in accord with insurance economics and general law, according to the court.

If the policy was in full force and effect on Aug. 8, 1932, then Kentucky Home Life would not be liable. Kentucky Home contended that, since the premium could have been paid any time during the grace period, including three days after the reinsurance agreement became effective, the policy continued as an unimpaired contract and may not be regarded as a contract of extended insurance.

### Another Inter-Southern Case

The Kentucky court of appeals handed down another decision against Kentucky Home Mutual Life in connection with an old Inter-Southern policy. This decision was in the case of Kentucky Home Mutual vs. Hardin.

In 1929 Inter-Southern issued two policies to Hardin with disability benefits. He was injured and filed proofs of disability June 10, 1930. Inter-Southern paid the disability claim.

On June 6, 1933, Hardin brought action against Kentucky Home to recover disability payments due since March 10, 1932, when Inter-Southern was placed in receivership. Under the reinsurance agreement, Kentucky Home agrees to assume 50 percent of the liability under disability waiver of premium claims and monthly income disability claims approved prior to and/or in force as of the date upon which the reinsurance agreement became effective.

The jury returned a verdict for Hardin in the amount of 50 percent of the original liability of Inter-Southern. This judgment Kentucky Home paid, but it failed to make further disability payments and on Oct. 3, 1934, Hardin filed another action. The jury returned another verdict in favor of Hardin. Kentucky Home appealed.

The Kentucky court of appeals held in favor of the assured.

## Filing of Assignment with Insurer Not Necessary

The New York appellate division, first department, has rendered a decision in favor of the person to whom a policy had been assigned as against the beneficiaries named in the policy. The case was Hoefler vs. Whelan.

Whelan, an infant, got a judgment against the assured in 1936 in an action for personal injury. The written agreement of settlement provided that the assured place with Whelan his life policies and that in the event of the assured's death, the sum remaining unpaid on the judgment shall be payable from

the proceeds of the policies. The assured died after that settlement was made. Prior to his death he selected one of the options in the policies in favor of his three daughters. However, he reserved the right to change the beneficiaries.

The appellate division held that the assignment made by the assured during his lifetime was valid. Generally, where there is a right to change a beneficiary, an assured may assign the proceeds of a policy. The assured actually delivered possession of the policies to Whelan. Although Whelan did not file the assignment with the insurer, that fact is immaterial since the insurance company does not contend that the assignment was invalid.

Whelan is entitled to collect for the amount due on his claim from the proceeds of the policies.

## "Burning of Dwelling House" Clause Is Construed

The Nebraska supreme court some time ago was called upon to consider the clause in an accident policy providing certain benefits in case the assured shall be injured or meet death by the burning of any dwelling house in which the insured shall be at the beginning of such fire and is burned by such fire or is suffocated by the smoke therefrom. The case was White vs. Washington National.

The insured was heating a can of paint remover in the kitchen of a house when an explosion occurred. The kitchen was in flames immediately. Considerable damage was done to the room and contents. The insured escaped from the room but was so badly burned that he died the next morning.

The wording of the clause, according to the supreme court, unmistakably requires the burning of a dwelling house, either in whole or in part. The evidence was that the building as well as the contents were badly damaged. The only question remaining is whether there was any evidence of a substantial nature tending to prove that the insured suffered his injuries by reason of the burning of a dwelling house sufficient to justify the submission of the case to the jury. The trial court, according to the supreme court, properly submitted the case to the jury.

### Non-Medical Policy Decision Given

A non-medical policy may be avoided by the insurer with proof that on the delivery date the assured was seriously afflicted with a fatal malady which continued uninterrupted and in due course caused the death. That was the decision of the Oklahoma supreme court in Home State Life vs. Turner. Home State Life, the supreme court held, is not required to establish that the assured on the date the policy was received, knew that he was seriously afflicted with such fatal malady or to prove the falsity of the statements in the application.

### Inadherence Is Not Fatal

An inadherence in calculation of the amount due the assured by an insurer in making legal tender of premiums at the time it seeks to effect cancellation of the contract does not invalidate a court decree, cancelling the policy. This was the decision of the United States circuit court of appeals for the fourth circuit (North Carolina) in Guyes vs. New York Life. Prior to institution of suit, New York Life advised the assured that it had elected to cancel the reinstatement of his policy and tendered its check in the amount of \$225. Pending the entry of the final decree, it was discovered that in the calculation of the interest on the principal amount of the refund, the rate of 5 percent had been

used instead of the North Carolina legal rate of 6 percent.

New York Life secured leave of court and paid into the registry of the court the correct amount of the refund with interest at 6 percent and filed an amendment to the bill of complaint setting out that fact. The higher court said the statement of these facts sufficiently shows that the mistake originally made by New York Life constituted no impediment to the rendition of the decree in the lower court.

The policy was canceled on the ground that a reinstatement had been granted on the strength of false statements made by the insured concerning his health.

## Chronic Alcoholism Is Not Self-Inflicted Injury

The Maryland court of appeals, in New England Mutual vs. Hurst, was called upon among other things to decide whether chronic alcoholism is a self inflicted injury and thus not compensable under the total and permanent disability clause of a life policy. The court stated that since the assured does not appear to have had conscious knowledge of the danger that his drinking might develop from harmless indulgence into the baneful disease of chronic alcoholism, the disease may not be said to have been self inflicted. If the evidence were such that reasonable men might differ upon whether or not the chronic alcoholism of the assured was self inflicted, the question of intent would have been an issue for the jury. In this court's judgment there was no ground to submit the question to the jury.

## Home Life of Arkansas Deal Involved in Litigation

The Arkansas supreme court has rejected the effort of the widow of J. D. Arnold, who was vice-president of the old Home Life of Arkansas, to collect under a policy, to the cancellation of which Arnold had consented. The policy was issued in 1922. Home Life went into receivership and the business was taken over by Central States Life with a 50 percent lien. After Arnold had paid four quarterly premiums to Central States Life, he agreed that his policy should lapse on account of inability to pay the premium.

The suit was filed more than five years after Arnold had consented to a cancellation.

The supreme court stated that Mrs. Arnold occupied the contradictory attitude of seeking a benefit out of the reinsurance in a claim against Central States and alleging in effect the invalidity of a transfer of all the assets of Home Life as an inseparable part of the same contract.

The court below erred in not directing a verdict for Home Life the supreme court stated.

### Insurer's Burden Not Increased

The state of Washington supreme court waved aside the contention of Kansas City Life that the instruction given by the trial court to the jury that the burden was upon Kansas City Life to establish to the "satisfaction, by a preponderance of the evidence" that the assured committed suicide, imposed upon Kansas City Life a greater burden of proof than merely a "preponderance of the evidence." The supreme court gave judgment for the beneficiary.

The sole question of fact was whether the death of the assured was the result of an accident or of an intentionally self-inflicted wound. Different theories might be advanced as to how the rifle could have been discharged. It was for the jury to say. The strongest motive assigned for the theory of suicide was

## Illegal Reinstatement Is Voided by Texas Court

Acceptance of a late premium payment by a fraternal society's local secretary with knowledge of the insured's poor health in violation of the suspension and reinstatement law does not waive the insured's suspension. This is the gist of a ruling by the court of civil appeals of Texas in the case of Woodmen of the World vs. Thacker. The decision is digested by Richard F. Allen, assistant counsel of the Standard Life of Topeka and secretary-treasurer of the Fraternal Society Law Association.

The action was to recover death benefits, the association denying liability on the ground the insured was in suspension when he died March 16, 1937. It appeared the February, 1937, premium payment was made March 8 to the financial secretary by the insured's wife, while visiting the insured, who was sick in hospital, and the secretary said the late payment was all right. The insured died a few days later from disease. After the association learned the facts the premium payment was returned by check.

The by-laws permitted reinstatement of a suspended member providing he was in good health and remained so for 30 days, and also provided that local officials could not waive any association laws. The lower court, however, held the association and its local secretary waived provisions and was estopped to deny liability.

The appellate court held the financial secretary did not waive the rules by accepting delinquent premium payment. The association was empowered by law to adopt a nonwaiver by-law, which could not be nullified by judicial decree. Since the insured was in poor health there was not valid reinstatement. Retention by the association of premium payment made for the purpose of reinstatement until it had actual knowledge of the facts was not waiver of its right to forfeit the certificate for nonpayment of premium the court also held.

the assured's extreme disgust with himself for what he had done on the previous day and possibly for other escapades. He otherwise appears to have been a young man ambitious to educate himself and improve his condition. It cannot be said that the weight of the evidence was against the jury's verdict in favor of the beneficiary.

### Finds Mistake One of Opinion

The question in an application for reinstatement: "Do you warrant and declare that you are of sound constitution, temperate habits and in good health?" seeks to elicit an opinion and a mistake in the expression of an opinion in answer to a question in an application made in good faith, will not vitiate the policy. On this theory the West Virginia supreme court of appeals held for the beneficiary in Layfield vs. Jefferson Standard Life. In the present case, the court declared, the jury had the right to infer that the assured, relying upon the examination of Jefferson Standard's own medical examiner, actually thought her health good.

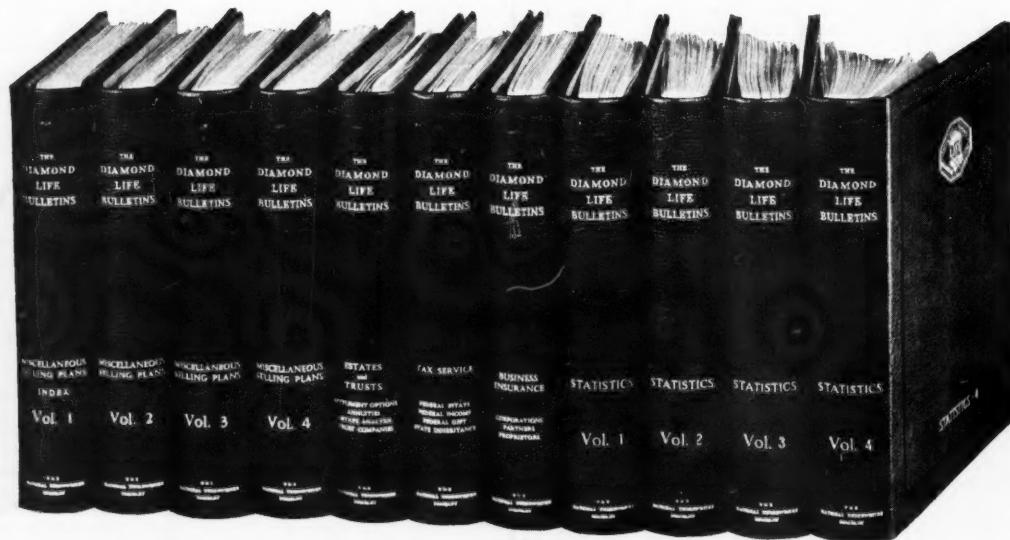
### Facility of Payment Clause

The United States circuit court of appeals for the District of Columbia in Brown vs. Metropolitan Life, et al., held that under the facility of payment clause in an industrial policy, payment of the proceeds to blood kin, made in good faith, is an absolute acquittance of the insurer. Here Metropolitan Life paid the full amount of the policy to a sister, a relative by blood, who additionally was found by the lower court to be equitably entitled thereto. The wife sought to upset the deal.

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